







## news

# Tougher scrutiny of failing schools

**Lucy Ward**  
Education Correspondent

Ten more poor performing education authorities could be targeted for scrutiny by government inspectors, ministers said yesterday, on the day that the London borough of Hackney submitted to an inquiry into under-achievement in its schools.

The authorities, which are not being named, are being closely monitored and given advice to help them produce action plans explaining how they intend to improve standards.

If they fail, they are being warned to expect the same fate as Hackney, which will be reviewed by inspectors from the schools watchdog Ofsted this term and next.

The announcement by schools standards minister Stephen Byers provides more evidence of the Government's willingness to get tough in order to raise standards.

Last month, Mr Byers named 18 failing schools and suggested more could be identified. Mr Byers said they were not confined to urban areas of high social deprivation.

His shot across the bows of under-performing LEAs came as the Government offered education authorities a new deal in helping schools raise standards. Just as central Government set national targets for improving educational performance, so authorities would have a

role in setting local targets, monitoring schools' progress in meeting them and offering advice and support where necessary.

Addressing education authority leaders at a London conference yesterday, Mr Byers said the Government was more concerned about Hackney than any other LEA. The authority, the first and only LEA to have a school, Hackney Downs, subjected to a "hit squad" and closed under the last government, had six failing schools and three more showing serious weaknesses, he said.

It had performed badly in GCSE exams and tests for 11-year-olds; a significant number of headships were vacant and there had been no chief education officer for a year.

The LEA, which is controlled by a combination of Conservative and Liberal Democrat members and a group of councillors who have left the Labour Party, proposes that its director of schools should be a relatively junior post, below the chief executive and executive directors.

"What kind of message does that send to the teachers in the borough who are struggling to give children a good education?" said Mr Byers, who said the borough was an example of "lack of direction and drift".

The council's chief executive, Tony Elliston, said the authority welcomed the inspection and would work with the Government.



Photograph: Brian Hains

# Torch will shine into Hackney's dark corners

As inspectors prepare to shine torches into the darkest corners of Hackney education authority in search of the reasons for its schools' under-performance, the question of where education authorities go wrong is back in the national spotlight, writes Lucy Ward.

Hackney, which yesterday announced it would "welcome" assistance in rooting out failure, is only the second authority to come under the scrutiny of inspectors amid concerns over its record, though up to 10 more may be in line for similar treatment if they do not convince ministers they have the will to improve.

Until the inspection findings are published, the only official analysis of how an authority fails its schools and pupils remains the report on Calderdale, West Yorkshire - the first LEA targeted for an emergency inspection visit.

Calderdale, the inspectors concluded in March after a four-month investigation, was fulfilling its statutory duties, but simply did not do enough to help its schools improve. Communication with schools was often poor, leaving head teachers in the dark over the council's decision-making processes and breeding a culture of distrust.

Meanwhile, councillors on the Labour-run authority were found to be interfering excessively in schools' affairs.

Inspectors even detected hostility towards professional officers among members of the council's education committee, prompting them to make decisions which schools saw as arbitrary.

Amid the power games, Calderdale was found to be failing to monitor its pupils' progress adequately, or to set clear goals for improvement. It was told to draw up an action plan making clear its plans to remedy the information shortage.

Though each failing authority, inevitably, fails differently from the next, Calderdale showed many of the typical signs of an LEA where things have gone awry.

The thrust of the Government's call for LEAs' help in raising standards involves encouraging authorities to keep close tabs on schools' performance in order to target support and advice effectively. Failing to do so adequately, as Calderdale did, means schools such as The Ridings - briefly closed amid a disciplinary crisis last autumn - spiral further into decline.

The political manoeuvrings played out in the West Yorkshire authority and present on a far grander scale in Hackney also have their part to play in hampering an LEA's performance.

Hackney has a history of political turmoil including a recent split within the Labour party, and last July the departing education director Gus John cited lack of support from councillors as a reason for his early exit.

For the 12 months since, the authority has had no director of education and, in the words of the schools minister Stephen Byers, has suffered from drift and an absence of direction. If strong leadership is a key element in propelling an individual school towards success, it is no less vital in an education authority.

John Fowler, assistant head of education at the Local Government Association, confirms that the relationship between top councillors and officers is crucial in ensuring an effective LEA.

"A good chair of education begets a good director and vice-versa. Unless you have the political and administrative sides of the local authority working together you are always going to head for disaster."

# Sexual diseases epidemic getting worse as Aids claims 10,000

**Jeremy Laurence**  
Health Editor

The worst epidemic of modern times has failed to alter the nation's sexual habits which are continuing to put the health of young people at risk.

Aids has claimed the lives of

over 10,000 people in Britain over 10 years of warnings about the dangers of casual and unprotected sex have gone unheeded. Sexually transmitted diseases, including Aids, are rising and there is no chance that target reductions set under the Government's agenda of family values and morality. Professor Adler, who is married to

strategy will be achieved. Professor Michael Adler, of University College Hospital, London, Britain's leading AIDS specialist, says blame for the failure must in part be laid on the last Government's agenda of family values and morality. Professor Adler, who is married to

Baroness Jay, the Labour health minister, says attempts to withhold information about sex from young people "have resulted in large numbers not protecting themselves against sexually transmitted diseases and unwanted pregnancy".

Latest figures, published in

the *British Medical Journal*, show the common sexually transmitted diseases - chlamydia and genital warts - are increasing. There is an inner-city epidemic of gonorrhoea, linked to poverty and mainly affecting gay men and people from ethnic groups.

Professor Adler says: "The incidence of sexually transmitted diseases as a whole has not declined and has even increased slightly."

Teenage conceptions rose in 1994, after falling between 1989 and 1993, and now stand at 8.4 per 1000 girls under 16 compared with the Health of the Na-

tion target of 4.8 by 2000.

Cases of Aids and HIV reached their highest totals in 1996 with almost 2,986 newly reported infections and 1,862 people with the full-blown disease.

Homosexuals in particular appear to be eschewing safe sex. The number of infections

acquired through sex between men rose 11 per cent between 1995 and.

However, anonymous testing of blood from pregnant women and from patients at sexually transmitted disease clinics shows HIV infection is also rising among heterosexuals.

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# Bulger parents upset at ruling on sentence

Patricia Wynn Davies  
Legal Affairs Editor

The family of murdered toddler James Bulger reacted with dismay yesterday after the law lords declared that former Home Secretary Michael Howard had unlawfully increased the minimum prison sentences on his killers.

In two majority rulings, the court said Mr Howard had been wrong to set a "rigid" minimum sentence of 15 years, after taking public petitions into account.

The decision does not necessarily mean that the two young killers, Jon Venables and Robert Thompson, will be freed significantly earlier. But Denise Bulger, James's mother, said she was "bitterly disappointed" by the ruling. She said almost half a million people had signed petitions saying the original eight-year recommended sentence by the trial judge (later revised to 10 years by the then Lord Chief Justice) was too low.

But the National Association for the Care and Resettlement of Offenders welcomed the decision as a blow against "lynch mob justice". John Dickinson, solicitor for Jon Venables, emphasised that there was no prospect of either boy being released if they were still considered a danger to society.

Jack Straw, the Home Secretary, said: "The dreadful murder of James Bulger caused shock and revulsion throughout Britain. The House of Lords judgment on my predecessor's decision is lengthy and detailed. I will now consider this very carefully before reaching conclusions on the case and on the more general issues covered in the judgment."

A 3-2 majority of the House of Lords said Mr Howard had wrongly ordered that Venables and Thompson be locked up for at least 15 years before being considered for release because he had applied the policy of fixing "tariffs" - the minimum time to be served for retribution

and deterrence - inflexibly. A differently constituted majority declared in a second ruling that the former Home Secretary had been wrongly swayed by a flood of public petitions, letters and coupons in the Sun newspaper when revising the minimum term upwards, virtually doubling the recommendation of the trial judge.

A spokeswoman for Justice, the law reform pressure group, said: "Not only has the House of Lords found the previous Home Secretary was wrong in the minimum detention period in this particular case, but it has

also said that the whole idea of setting a fixed tariff is wrong."

The ruling still leaves detailed questions on the treatment of child killers unanswered. While stopping short of declaring the tariff policy illegal in all cases, three of the judges, Lord Browne-Wilkinson, Lord Steyn and Lord Hope of Craighead, were critical of it, making it clear that a tariff - if adopted in a particular case - should be provisional and subject to reviews in which the development and progress of the child would be considered.

Lord Hope said: "The younger the child the more objectionable [the tariff approach] becomes, because the factors which favour special treatment

in their case grow stronger the closer they are to the minimum age of criminal responsibility when the offence was committed."

Venables and Thompson were 10 when they killed two-year-old James on 12 February 1993 and left his body on a railway line in Bootle, Merseyside. Following their convictions for murder they are now being held at separate young offenders' institutions. Dominic Lloyd, the solicitor for Robert Thompson, said: "My client Robert is now 14. For the past four years since the ordeal of his exhibition on trial at Preston he has had the benefit of a good education and expert guidance. He is remorseful and as he grows up, he will have to continue to learn to live with what he has done."

Mr Straw must now consider whether to scrap the idea of a punitive minimum altogether, relinquishing the power of a Home Secretary to decide when the case of a juvenile murderer is first referred to the parole board, or face a challenge over the issue in the European Court of Human Rights in Strasbourg. The fate of about 200 other young killers in detention will turn on the final upshot.

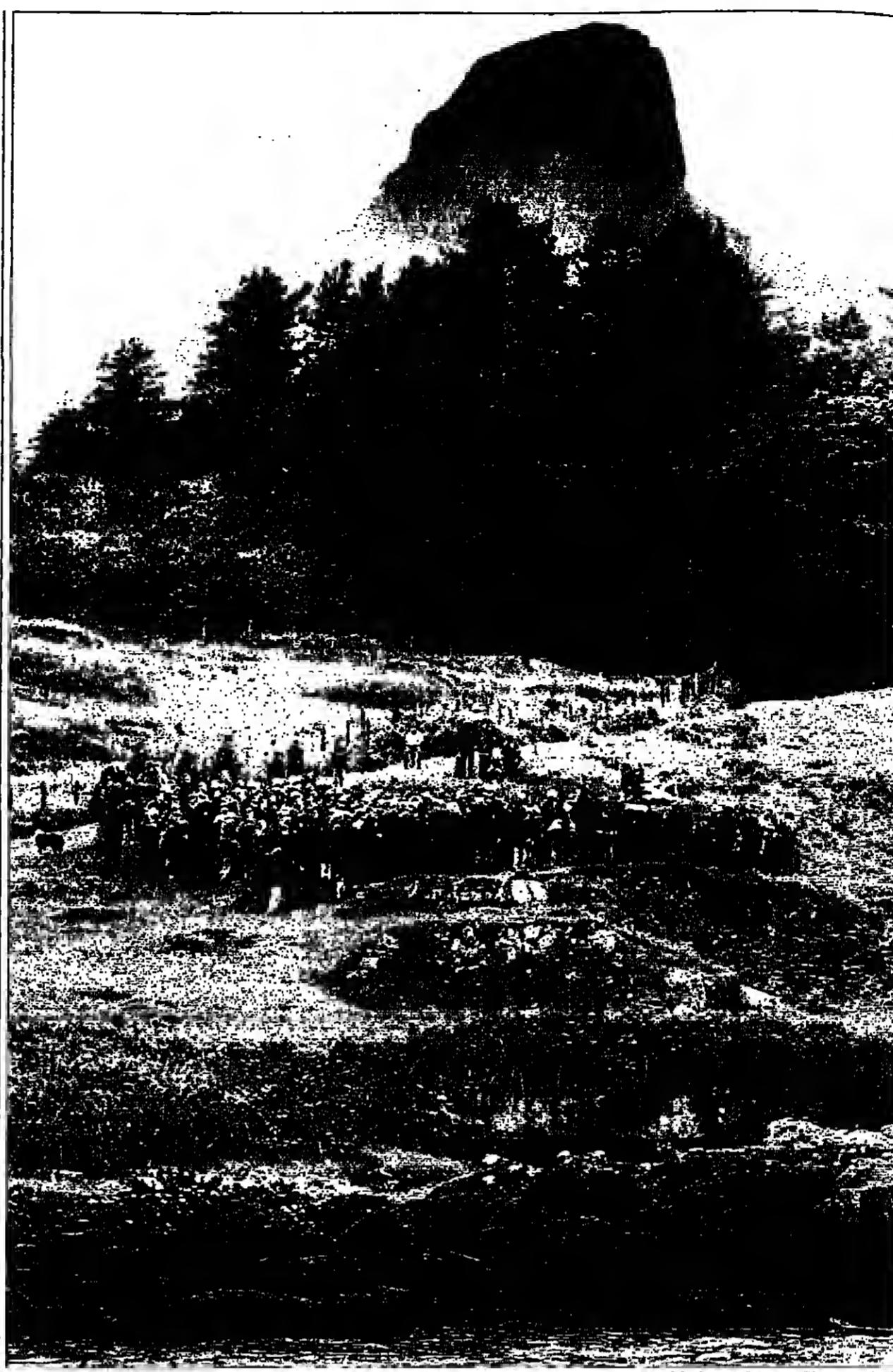
The European Commission on Human Rights will shortly rule on the admissibility of other complaints which have been raised by lawyers for Venables and Thompson. These include arguments that the two boys should not have been subjected to a full-scale public trial in an adult court.

Lord Browne-Wilkinson was in a minority when he said Mr Howard did not act improperly by taking into account representations from the public and Lord Goff of Chieveley dissented from the majority ruling on tariff by saying that the Home Secretary should be allowed to impose minima under the same policy as applies to adult murderers. But only Lord Lloyd of Berwick upheld all Mr Howard's arguments.

Away from lynch mob, page 23



James Bulger: parents dismayed by decision



Islanders and visitors praying during celebrations on Eigg yesterday to mark new-found independence. Photograph: PA

Eigg's biggest party starts here

Jojo Moyes

It was, according to islander Maggie Fyffe, "the biggest party Eigg has ever seen".

Mrs Fyffe had helped lead the campaign that yesterday reached fruition: the 68-strong population of the tiny Scottish island were finally able to celebrate their independence, for the first time in generations.

The islanders, as part of a trust which includes Highland Council and Scottish Wildlife Trust, secured control after its owner, the German artist Martin Eckhard Maruma, was forced to sell up by creditors.

Even before the first boat of the day brought visitors to the island that had for decades been a "rich man's playground", the party was beginning. A celebration bonfire blazed so brightly that it was said its flames could be seen from the mainland.

After prayers of dedication a plaque was unveiled and a lone piper led guests to a marquee. There they heard speeches from councillors, wildlife experts and the islanders themselves, while children sang songs.

Their population swelled by an unprecedented 400 visitors - and lubricated by beer and whisky - the islanders heard the Government promise it would help them achieve their own form of home rule.

The Scottish Office minister, Brian Wilson, among the VIPs on the island for the celebrations, said he had asked Highlands and Islands Enterprise to form a "support unit" to boost community land ownership.

A donation of £900,000 from a mystery benefactor helped the islanders seal the £1.5m deal and end the island's ownership by outside landlords.

In a prepared statement the islanders said: "huge thank you to the thousands of people who have helped make our dreams come true."

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# Stuffy and stifling: why a top woman artist has spurned the RA

**David Lister**  
Arts Editor

She is, said one close colleague, "a typical Nineties woman, real ale drinking, roll-your-own-smoking". She is also an internationally acclaimed artist.

The last attribute is the reason why Rachel Whiteread at 34 was elected to membership of the Royal Academy. The first two characteristics are part of the reason why she turned it down. Today's young British artists do not want to be part of the art establishment. But they are pragmatists. They do want their work to be seen. And so, despite any distaste for joining the establishment, Ms Whiteread has agreed, the Royal Academy confirmed last night, to have her sculpture shown there this autumn.

Her plaster casts of familiar

household objects will form part of *Sensation*, an overview of the Young Turks of today's art scene, which will also include the man who turned pickled sheep into an art form, Damien Hirst. But for the young Turks, actually becoming an Academician is another thing all together, seen no longer as an honour but as an unwelcome accolade of respectability.

Ms Whiteread, a former Turner Prize winner who this week became the first woman to represent Britain with a solo show at the Venice Biennale, said she preferred working in her studio to serving on committees and did not see herself as an establishment person.

But Matthew Collings who has interviewed all the leading young British artists for his new book *Blimey! A History of British Art from Francis Bacon*

to Damien Hirst, said yesterday none of the young British artists saw any relevance in the Royal Academy.

"It is an archaism, a preserve for old men with beards," he said. "Rachel is not even a controversial character like Damien Hirst or Tracey Emin. I think her work is crazily overrated and there are elements of poetry and history attributed to it which it cannot be seen to pos-

sess, but she is an inoffensive person.

"But she would see the Royal Academy as a total irrelevance. It doesn't figure in the lives of these young artists. The last time it was avant-garde was in 1980 when some of them were too."

Karen Wright, editor of *Modern Painters* magazine, said: "If there was a Tate Royal Academy, Rachel would join like a

shot. But she would find the Royal Academy stifling. She likes to be in control. In addition, the radical young artists do not like to be associated with the annual summer show."

However, the Academy's deputy secretary James Robinson disputed that it was an establishment club.

"It's just not true," he said. "If you are elected you are elected for life so some of our

members are quite old. But the Royal Academy now is about promoting art to the widest range of people possible. Being an RA is not an honorary post or membership of some club. You have to govern the place and it takes commitment. Rachel Whiteread is incredibly busy. She actually told us she felt flattered by the offer but didn't feel the necessary time."

Ms Whiteread is the biggest

name to turn down RA membership since the sculptor Sir Anthony Caro in 1990. But that was for aesthetic rather than sociological reasons. He was unhappy with the standard of work submitted for the architectural section of the summer show.

The only other refusenik in recent years was the abstract painter Jack Smith. The late Sir Stanley Spencer resigned from

the RA but later joined again. The late Sir Henry Moore is probably the most famous 20th century artist not to have been an RA. Both the Royal Academy and the Henry Moore Foundation say he was never offered membership.

He probably did his cause no good when, in 1931, he said of sculpture at the Royal Academy: "When it is not incompetent, it is purely commercial."



Academic concern: Rachel Whiteread, above, has joined (from top right) Sir Henry Moore, Sir Anthony Caro and Sir Stanley Spencer as an RA refusenik

Main photograph: Camerapress

## 'Guardian' backs down over Aitken allegations

**Kim Sengupta**

In a dramatic move at the Jonathan Aitken libel trial yesterday, *The Guardian* and Granada Television abandoned their allegations that the former defence minister was involved in illegal arms trading.

Mr Charles Gray, QC, counsel for Mr Aitken, told the High Court that the defendants had withdrawn their pleas

of justification in relation to the allegations. The newspaper and the television company had alleged that Mr Aitken, while on the board of two companies, BMARC and Astra, had offered to supply arms to both sides knowing this was in breach of a government embargo.

The defendants had alleged that while a director of Astra, he had offered to sell arms to Iraq. They had further alleged that in his capacity as a non-executive director of BMARC, he had failed to keep himself informed that naval cannon exported to Singapore had ended up in Iran.

Earlier in the proceedings Mr Justice Popplewell, bearing the libel action without a jury, had ruled that the inference of the coverage in *The Guardian* and the Granada documentary

*World in Action*, was that Mr Aitken must have known that arms were being illegally sold. The defendants had maintained that the inference should have been that he had been grossly negligent in not finding out their eventual destinations.

In relation to the defendants' claims of Mr Aitken being involved in arms trading, Mr Gray said: "We wholly reject this allegation."

The action continues with Mr Aitken, the former defence procurement minister and Chief Secretary to the Treasury, suing over claims that he was financially dependent upon wealthy Saudis and pimped for them. *The Guardian* and Granada deny libel, pleading justification.

Mr Aitken told the court that to suggest he had "pimped prostitutes for bored Arabs" was

"an incredible allegation, and completely untrue".

George Carman, QC, cross-examining Mr Aitken, asked whether it was true that he had asked two employees of health in a hyde called Ingleside, in Berkshire, where Mr Aitken was chairman, to obtain girls for visiting Arabs. Mr Aitken replied: "It's untrue."

Mr Carman asked: "Have you found over the years with

your long and detailed knowledge of the Arab community that it contains among its members those who might seek the pleasure of escort girls while they are in London?"

Mr Aitken replied: "Well if they did, they didn't bother me with this aspect of their lives."

Asked whether there was a subservient relationship between Mr Aitken and his Arab business partners, in particular

Prince Mohammed, the son of the Saudi King, and he had to do them favours, Mr Aitken replied: "I had a good relationship with, I hope, all my Arab colleagues, they included being respectful to the son of the Saudi King, but the notion that somehow this tumbled over into being a subservient pimp is preposterous and totally untrue."

The case continues.

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## politics

# Clarke warns against Hague

**Anthony Bevins  
and Colin Brown**

Kenneth Clarke added further bite to the Tory leadership contest last night by warning MPs that William Hague could split the party wide open by pandering to the Euro-sceptics.

The former Chancellor was reacting swiftly to a dramatic move by Mr Hague to clarify his views on the European single currency.

Having been accused by John Redwood of having uncertain views on the single currency, Mr Hague yesterday went on the BBC Radio 4 *Today* programme to suggest that he would never lead the country into a single currency. "As the leader of our party," he said, "I would rule out as our policy anything other than saying we are against Economic and Monetary Union."

Earlier this week, he said that he would not be part of a Conservative government that joined a single currency for the foreseeable future - which he defined as 10 to 15 years.

Yesterday, when he was asked why he would not use the word "never", Mr Hague told *Today*: "Because I do not know in 30 or 40 years' time if will be in a radically different Europe or have a radically different proposition for a single currency, but I do know that the principled objections I have to a single currency will hold good for a very long time."

Reacting to that distinct policy shift - and behind-the-scenes manoeuvres for the floating vote of those who backed Peter Lilley and Michael Howard in Tuesday's first-round ballot - Mr Clarke last night wrote a letter to all MPs, warning them that Mr Hague was closing down policy options and freezing out MPs who were less Eurosceptic. "The first thing to emphasise is that, as

leader, I would put together a team that represented all strands of Conservative thinking in order to carry out the necessary review of policy."

Mr Clarke then delivered his stark warning that Mr Hague could split the party if he carried on in the style he had adopted so far. "We unite the party if we select a leader who will begin the process on an inclusive basis. We divide the party if we regard the leadership election as deciding key issues before the process has even started."

The Hague camp, which earlier attracted the backing of former Chancellor Norman Lamont - who has no vote because he is no longer an MP - alleged a smear campaign was being run against them. "There is a dirty tricks campaign going on," one Hague supporter said. "They are trying to peel off our supporters by saying Hague is like Redwood."

Members of the Hague campaign team also claimed that their opponents were spreading unsubstantiated rumours around Westminster about Mr Hague's private life. "They are spreading these smears and they are complete lies," said one source.

Some senior Tory MPs approached the former deputy Prime Minister, Michael Heseltine, on Wednesday to press him to stand for next Tuesday's second ballot. Mr Heseltine refused, but his friends said he is expected to play a prominent role in the new leader's Shadow Cabinet.

As expected, the closing nominations for Tuesday's second-round ballot were: Mr Clarke, Mr Hague and Mr Redwood. If no candidate gets 83 votes - a majority of the 164 MPs entitled to vote - the top two contenders go through to a final head-to-head contest next Thursday.

Good to talk: Cherie Booth, wife of the Prime Minister, at the launch yesterday of a revamped national carers' line. The service, set up in 1992 to offer advice on welfare rights and benefits, has been revamped ahead of National Carers' Week thanks to a lottery grant. Photograph: Kelpesh Lithiga

## Minister sanguine over beef setback

The agriculture minister, Dr Jack Cunningham, said yesterday it was "disappointing" that United Kingdom proposals for ending the worldwide ban on British beef had been dismissed as "inadequate" by veterinary experts meeting in Brussels.

But, answering an emergency question in the Commons, he denied it amounted to a "slap in the face" for the Government and insisted that officials would work quickly to try and meet concerns expressed by the experts. "We are already considering very carefully the points made and will give them a detailed technical response as quickly," Dr Cunningham said.

Plans for lifting the export ban, involving the so-called "certified herd scheme" for mainly grass-fed animals, was submitted by the Conservative government.

But the European Union's Scientific Veterinary Committee yesterday rejected the package "because the scientific rationale and the information provided was insufficient".

Dr Cunningham said the committee had suggested "that changes needed to be made to the UK proposals before they would be acceptable. It is disappointing that the Scientific Veterinary Committee has asked for further clarification when they did not take up our offer to send an expert to explain our proposals at a earlier stage."

He added: "We are not surprised that they have some criticisms."

"Officials are in Brussels today and discussions will continue over the next few days," he said. "We recognise that all consumers will be anxious to have full assurances in line with sound scientific assessments of risk. At the same time we will press for the removal of the ban where those assurances can be given."

The Tory Eurosceptic Sir Teddy Taylor, who tabled the emergency question, said: "We have simply had another slap in the face based on wholly irrational arguments, like 'what is the definition of a herd'?"

He pressed Dr Cunningham: "Hasn't the time come for the Government to impose restrictions on imports from nations whose standards of safety are

lower than our own?" He added: "Despite all your hard work and the endeavours the Government has made for non-confrontation and friendship, they've simply had another slap in the face and they should do something about it."

Dr Cunningham replied: "I never anticipated that I would be able to undo in five weeks all the disastrous misjudgments of the previous government over five years. So I don't regard this as a slap in the face."

The minister insisted: "There is now going on about this. It's perfectly reasonable for what is an independent scientific committee to raise some questions about some important matters."

Dr Cunningham said that

he would not fix a firm date for the ban on beef to lift.

He noted some 160,000 metric tonnes of beef was expected to be imported into Britain this year, "somewhere between 20 per cent and 25 per cent of the beef consumed in the UK market". He also said the cost to the meat industry had been "catastrophic" - about £300m, while the cost to farmers was "incalculable".

Dr Cunningham told the House that at the latest count on 4 June there had been 169,349 confirmed cases of BSE in Britain. There were now 100 new cases of mad cow disease a week, which, he said, was a reduced rate but still much higher than in any other similarly affected country.

## Sarwar set to lose Labour whip

**Fran Abrams  
Political Correspondent**

Mohammed Sarwar, the Glasgow Govan MP accused of paying £5,000 to a rival candidate in the general election, was facing suspension from the Parliamentary Labour Party last night after being interviewed by a disciplinary inquiry.

Party sources said Mr Sarwar had failed at the interview to convince the inquiry panel that he had no case to answer. A formal recommendation that he should lose his rights and privileges as a Labour MP is likely to be made on Monday and ratified by the parliamentary party on Wednesday.

Although Labour sources stressed the party's report into the case was not complete, there were reports yesterday that Scottish Labour Party staff may take over the running of his constituency party.

If the police fail to find hard evidence that the MP tried to bribe Badar Islam to "ease off" his campaign, or that he attempted to rig the polls, he could be reinstated.

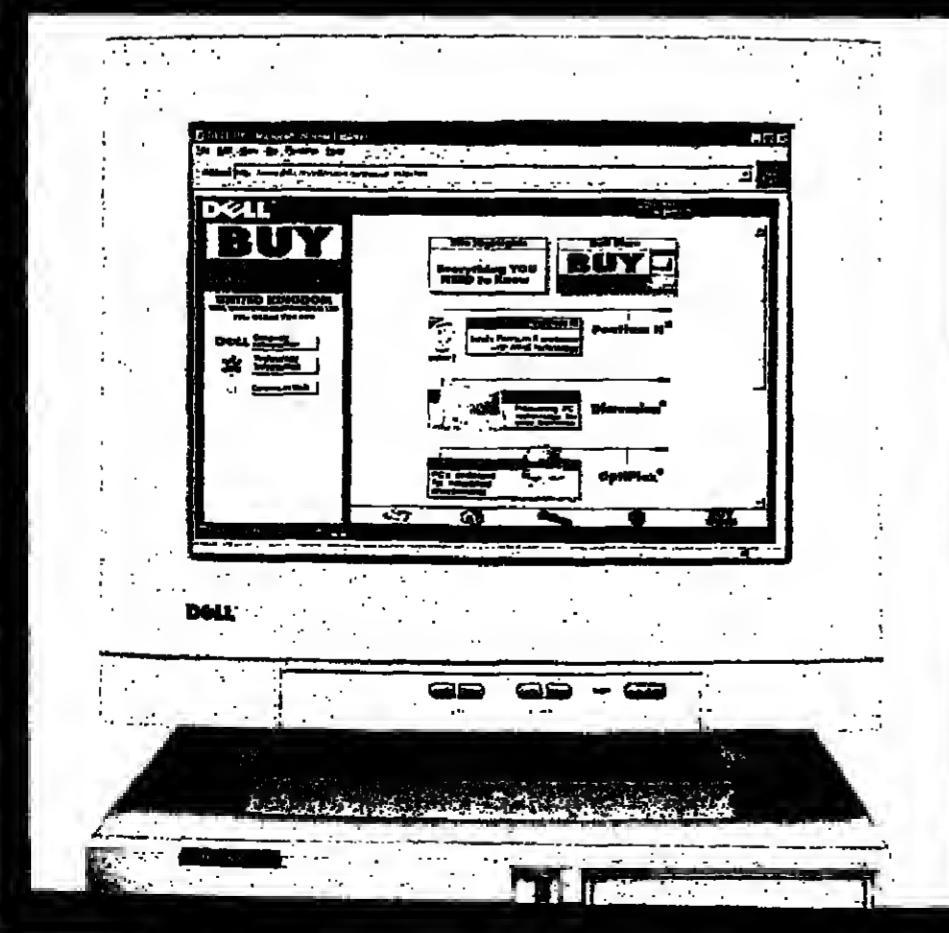
Labour's principal disciplinary body, the National Executive Committee's organisation committee, will meet to discuss the case next week. A party spokesman said an internal inquiry into the case was not yet complete: "All comment upon its contents is therefore uninformed speculation. Any further meetings that take place this week concerning the inquiry will remain strictly private."

The MP has launched a libel action against the *News of the World*, which first made the bribery claims against him. One Labour source said he had not seen proposals temporarily to withdraw the whip from Mr Sarwar "written down" but would not rule out the inquiry reaching such a conclusion.

Mr Sarwar, a cash-and-carry millionaire, who became Britain's first Muslim MP when he was elected on 1 May, has said the claims against him are "baseless, false and ludicrous". He has maintained the £5,000 was a loan - made after the election - because Mr Islam was a fellow member of the Asian community in distress.



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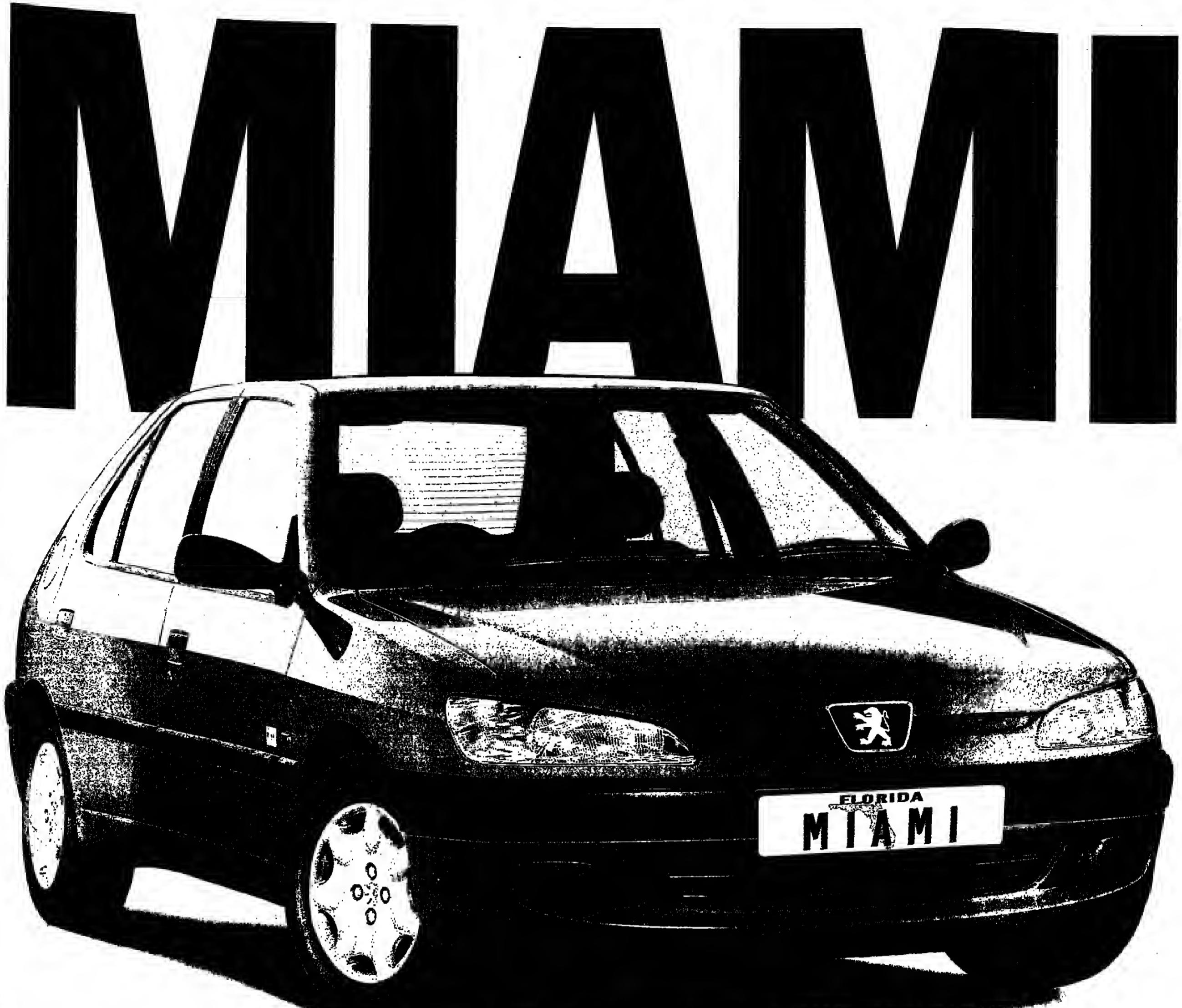
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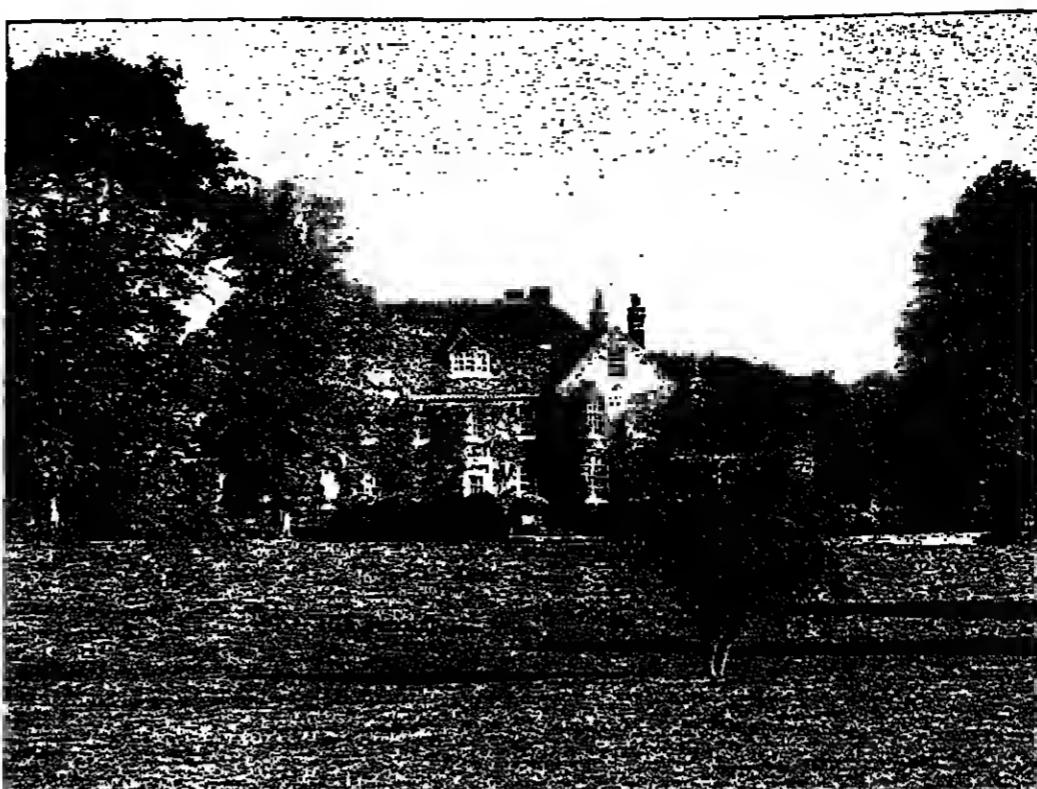
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## news



Country life: Chequers (left) the Prime Minister's official residence, and Dorneywood (right), which Gordon Brown has yet to visit



Photographs: John Lawrence/Martyn Hayhow

## Grace... but should they still be in favour?

Fran Abrams  
Political Correspondent

Perhaps there will be Federation Ale on tap and take-away orders for fish and chips at Chequers with his wife and three children, it emerged yesterday. Despite his revelation during the general election campaign that he liked nothing better than a pint of "Fed" and *Gladiators* on the telly in his Sedgefield constituency home, the new Prime Minister has had little time for such pleasures since his election.

Instead, he holds meetings and relaxes with his wife Cherie and their children in a Tudor manor set in 1,250 acres of Chiltern countryside, an aide confirmed. But yesterday a Labour MP called for the grace and favour mansions, set aside for senior ministers, to be put to new and better uses.

Paul Flynn, member for Newport West, has suggested that the Government could open up

the residences for pensioners' day trips or to give a break to the families of the sick and disabled. His parliamentary question to Mr Blair on the subject fell on stony ground.

"I expect these houses to be effectively used for the purposes for which they were designated, including for official entertainment and for conferences," the Prime Minister replied.

Senior ministers may have other plans, though. Neither Robin Cook, the Foreign Secretary, nor Gordon Brown, the Chancellor, have visited their residences – at Chevening in Sussex and Dorneywood in Buckinghamshire – though both have taken up government residences in London.

Yesterday a spokesman for Mr Brown said he hoped Dorneywood would be put to better use than under the Tories.

Gordon Brown will be using Dorneywood for meetings and conferences. But it seems it was a hit waded before and we want to use it more effectively," he said.

The house could not be sold, he explained, because it was owned by a trust, and would revert

first to the Lord Mayor of London and then to the American Ambassador, if the Chancellor did not want it. Kenneth Clarke visited Dorneywood occasionally, but Norman Lamont spent almost every weekend there.

The Foreign Secretary will use Chevening for meetings but will not spend time relaxing there. "Mr Cook has not been there and is not planning to use it for residential purposes," a spokeswoman said. Malcolm Rifkind spent just 18 days at the house in Sussex last year, though Geoffrey Howe is said to have been heartbroken when he was forced to leave.

The only minister to have rejected a London residence in favour of his old home is the Home Secretary, Jack Straw, who will continue to live in south London. John Prescott is to move into Michael Portillo's former flat in Admiralty House, and Margaret Beckett and the Secretary of State for Defence, George Robertson, will also live in the building.

Mr Brown will live in Number 10 Downing Street while the Prince Minister and his family will live in the more spacious accommodation in Number 11. Mr Cook has already moved in to his official residence at Number 1, Carlton Gardens.

Mr Flynn has other ideas, though: "I could think of 101 uses," he said. "Perhaps they could be used for holidays or for respite care."

### Country joys

**Chequers, Buckinghamshire.**  
Prime Minister's country residence.  
Background: Tudor manor bequeathed to the nation in the 1920s. Set in the Chilterns amid 1,250 acres, the estate was mentioned in the Domesday Book and is studded with works of art. Edward Heath, it's claimed, spent half a million pounds on garish wallpaper.  
Cost to the state: £466,000 in the last financial year.

**1, Carlton Gardens, London.**  
Foreign Secretary's residence.  
Background: Once occupied by Prince Louis Napoleon, it was built in the 1820s just off The Mall, and is one of the best examples of a John Nash terrace.  
Cost to the state: £342,000 in 1995-6. In addition, £1.5m was spent on a total refurbishment of the state rooms, which are used for official functions between 1992 and 1994.

**Chavering House and Pleasure Gardens, Sussex.**  
Foreign Secretary's country residence.  
Background: Vest neo-Classical mansion built in 1830, set in 3,500 acres on the North Downs. The floors are marble, the spectacular circular staircase is "magnificent beyond dreams", according to one MP, and the chimney-piece of the tapestry room is copied from one by Vanbrugh.  
Cost: Borne by a trust, though there are tax exemptions.

**Admiralty House, London.**  
Three flats will be occupied by the Deputy Prime Minister, President of the Board of Trade and Secretary of State for Defence.  
Background: The front of the building is on Whitehall, the back looks on to Horse Guards Parade. It was built in 1786-88 as a residence for the First Sea Lord; a roll performed up to the Second World War, when Sir Winston Churchill lived in it.  
Cost: £73,000 in running costs in 1995-6.

**Dorneywood, Buckinghamshire.**  
Chancellor's country residence.  
Background: Parts are Queen Anne, though the house was rebuilt after a fire in 1910. It is more modest than other ministers' country houses with just nine bedrooms, four reception rooms and 200 acres of grounds. The dining room has silk curtains which were sent to China to be hand-painted; the library boasts a 17th Century Flemish tapestry and the walls are adorned with comic drawings by Sir John Tainie.  
Cost: Administered by a trust and paid for out of its former owner's estate, though there are tax exemptions.

## Loyalists snub papers' peace move for parade

David McKittrick  
Ireland Correspondent

A novel joint initiative by Belfast's two morning newspapers aimed at averting confrontation during the loyalist marching season yesterday drew a dusty answer from the Orange Order.

The Unionist *New Letter* and nationalist *Irish News* combined to advance a compromise plan to tackle the Order's contentious July march along Portadown's Garvagh Road.

Last year widespread disturbances resulted when the RUC initially prevented Orangemen from walking along the road but later, after much disorder, reversed the decision and let the parade go through.

"Although the question of what will happen this year has

occupied minds since last year, an agreed solution has yet to emerge. Earlier this week the Secretary of State for Northern Ireland, Mo Mowlam, told the Commons that if necessary the army would be used to ensure that ports and airports remained open if attempts were made to close them.

In a joint editorial yesterday the two Belfast papers suggested a two-year interim agreement with one parade allowed to go through and another to be re-routed. It said: "The residents would be free to make a dignified lawful protest about the march, and the Orange Order would be free to make a similar dignified and lawful protest about the re-routing."

"This would require no loss of face and no loss of principle by either side: both sides retain

their dignity and nobody loses. It is not a settlement but it would create the breathing space both sides need."

The editor of the *New Letter*, Geoff Martin, said he hoped that the coming together of the papers would bring a peaceful summer. Welcoming the initiative, Ms Mowlam said: "The vast majority don't want a repeat of last year and we must do all we can to avoid that and I will do all I can to encourage mediation."

The initial reaction from the Orange Order, however, was far from welcoming. Its executive officer, George Patton, said he did not believe the proposal was feasible or acceptable, adding that he regretted that the editorials did not take account of concessions which he said the Order had already made.

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The new Toyota Corolla has a body with curves in all the right places. A sleek, beguiling temptress of a car. And looks aren't everything. The 5 door Liftback CD (seen being wooed here) is just one of 21 models (what an apt word). There's also the 3 door Hatchback, 5 door Estate and 4 door Saloon. All Corollas (apart from the Sportif models) come with air-conditioning and electric sunroof as standard. Twin airbags and remote locking are standard across the range. So how much do you need when the Corolla becomes the object of your desire? For the 1.3 16v 3 door Sportif, a mere £10,995.

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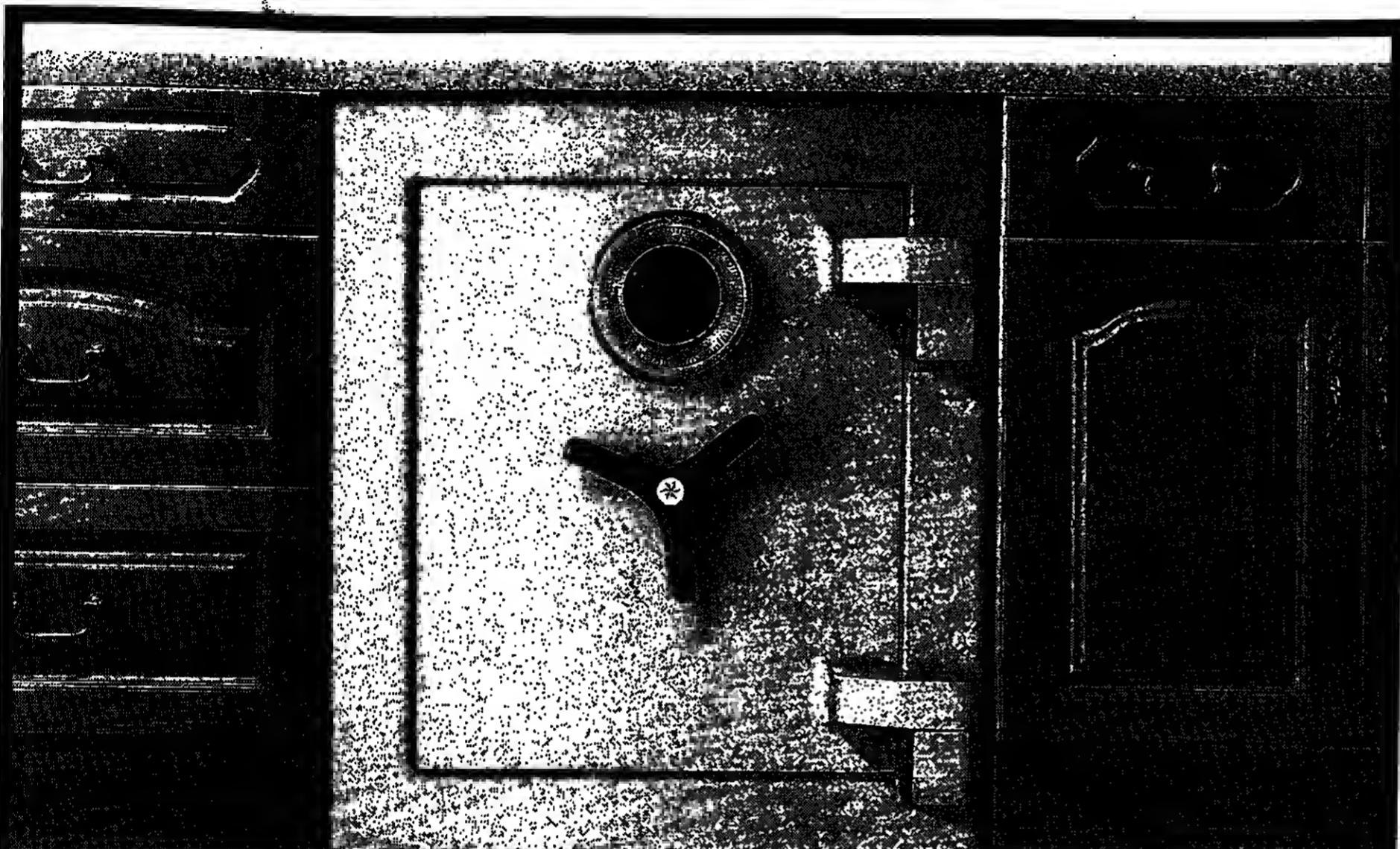
THE 5 DOOR LIFTBACK CD IS £14,345. OPTIONAL 1600 ALLOY WHEELS FOR £450 AND METALLIC PAINT FOR £235. ALL PRICES QUOTED ARE OTR.

## news



Heady times: Julie Taylor, 31, making her wingwalking debut yesterday on a Boeing Stearman above Biggin Hill, Kent, to publicise a charity stunt at the airport's international air show this weekend; her husband Steve and his colleagues, firefighters at the airport, plan to shave their heads in aid of Save the Children

Photograph: John Voss



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# NHS in critical state, say doctors

Jeremy Lawrence  
Health Editor

The medical directors of a major London teaching hospital have warned the Secretary of State for Health that their trust cannot continue to provide a proper standard of care for patients unless the financial pressures on it are eased.

In an open letter to Frank Dobson which highlights the critical state of the National Health Service, the two senior consultants from Northwick Park and St Marks NHS Trust in Harrow, north-west London, say that like many other hospitals they have had to find millions of pounds worth of cost savings in the face of growing demand, with no prospect of improvement in the coming years.

"We are convinced we cannot continue to make further recurrent savings without destroying the service and those who provide it. We do not seek confrontation but we, and most other hospital doctors, are not prepared to destroy what we have all worked so hard to achieve."

The letter, dated 3 June, appears today as an article in the *British Medical Journal* which says it decided to publish it "because we think it reflects the concerns of many hospital doctors in Britain today". An accompanying leader says its demands for action "can no longer be ignored".

However, Mr Dobson yesterday gave no hint that he was minded to help. In an uncompromising speech to the Institute of Health Services Management annual conference in Cardiff, he said waiting lists and waiting times were rising and 69 of 100 health authorities and 125 of 425

trusts had started the year in debt but he still wanted more savings. These would be on top of the £100m reductions in management costs already announced.

He said: "I am now asking you to look at other immediate ways of saving money and putting it to better use. That is what good managers are constantly on the lookout for."

Announcing an extra £5m for paediatric intensive care, Mr Dobson said priority must be given to treating emergencies so that patients were not left "waiting 24 hours on trolleys in minor injuries clinics". But Karen Caines, director of the institute, said the clear implication was that waiting lists for routine work will grow. "This is just another form of rationing. Hospitals will be putting up the closed sign to anyone who does not arrive in an ambulance," she said.

The letter to Mr Dobson from Professor Peter Richards, medical director of Northwick Park, and Dr Michael Gumpel, chairman of the medical staffs committee, says emergency admissions are rising, more people are turning up at accident and emergency departments and there is consequently less capacity to deal with non-injury patients, which provide a major part of the trust's income.

To deal with the emergencies, routine patients have to be turned away and operations cancelled. The shortcomings of community care mean so increasing number of beds are blocked by elderly patients awaiting discharge. Despite efforts to cut unnecessary spending and increase income "we have been forced to cut, cut and cut again", the doctors write.

## Secret trials to cram in more airport landings

Randeep Ramesh  
Transport Correspondent

Passenger jets were involved in 11 secret trials in the past two years designed to test whether aircraft could safely fly closer together on approach to landing without endangering their occupants, according to data obtained by air traffic controllers.

Earlier this week, the Civil Aviation Authority announced that from next month aircraft approaching Heathrow and Gatwick airports would be allowed to stay two-and-a-half nautical miles apart, instead of the current three nautical miles. This will allow an extra four landings an hour at Heathrow.

The trials had been kept under wraps by the CAA, but were uncovered by a German pilot trying to land at Heathrow earlier this year.

Writing in *Vereinigung Cockpit Info*, magazine produced by the German pilots' association, the Lufthansa captain describes a "potentially unsafe situation which I would not again tolerate". He said that airport authorities waived the minimum distance between aircraft and then slowed down the jets - placing the two aircraft closer together.

The distance between jets is a safety consideration designed

to ensure that vortices, the spinning streams of air that trail behind aircraft, dissipate before other flights follow. The force of vortices can be so great that it produces abrupt movements of an aircraft's nose and inexplicably sharp, steep bankings.

One of the aircraft affected by the CAA ruling is the Boeing 737, the world's most popular passenger jet. It has been involved in 35 incidents of "unusual attitude" over the past five years in Britain - most of which were caused by wake vortices.

The CAA says that airlines were informed of the trials and co-operated. But Mike Burin, of the Guild of Air Traffic Control Officers, said: "It is totally unacceptable to do things like this."

"This is due to become a permanent procedure, but although some airlines were probably aware of the trials pilots themselves were not aware that they were participating. It was never announced through the usual channels. As a result we have no information about any safety analysis of the trials, so we can't make any objective judgement."

A spokesman for the CAA said: "It is a completely safe procedure, and it will only be used infrequently when conditions are perfect."

## DAILY POEM

Rondel

By Charles d'Orléans, 1394-1465  
(translated by Oliver Bernard)

*The weather's cast its coat of grey  
Woven of wind and cold and rain,  
And wears embroidered clothes again  
Of clear sunshine, in fair array:  
No beast, no bird, but in its way  
Cries out or sings in wood and plain:  
The weather's cast its coat of grey  
Woven of wind and cold and rain.  
River and spring and brook this day  
Bear handsome furies that seign  
More silver stars than Charles's Wain,  
Mingled with drops of golden spray.  
The weather's cast its coat of grey.*

This poem forms part of the 37th set of "Poems on the Underground", appearing in London Tube carriages from this Sunday. Poems on the Underground is hosting a concert of French music, with specially commissioned poems, next Tuesday, 17 June, in St John's Smith Square, London SW1, at 7.30pm (box office: 0171-222 1061).

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## news

Travolta they're not, but Saturday night hopefuls audition for place in the West End

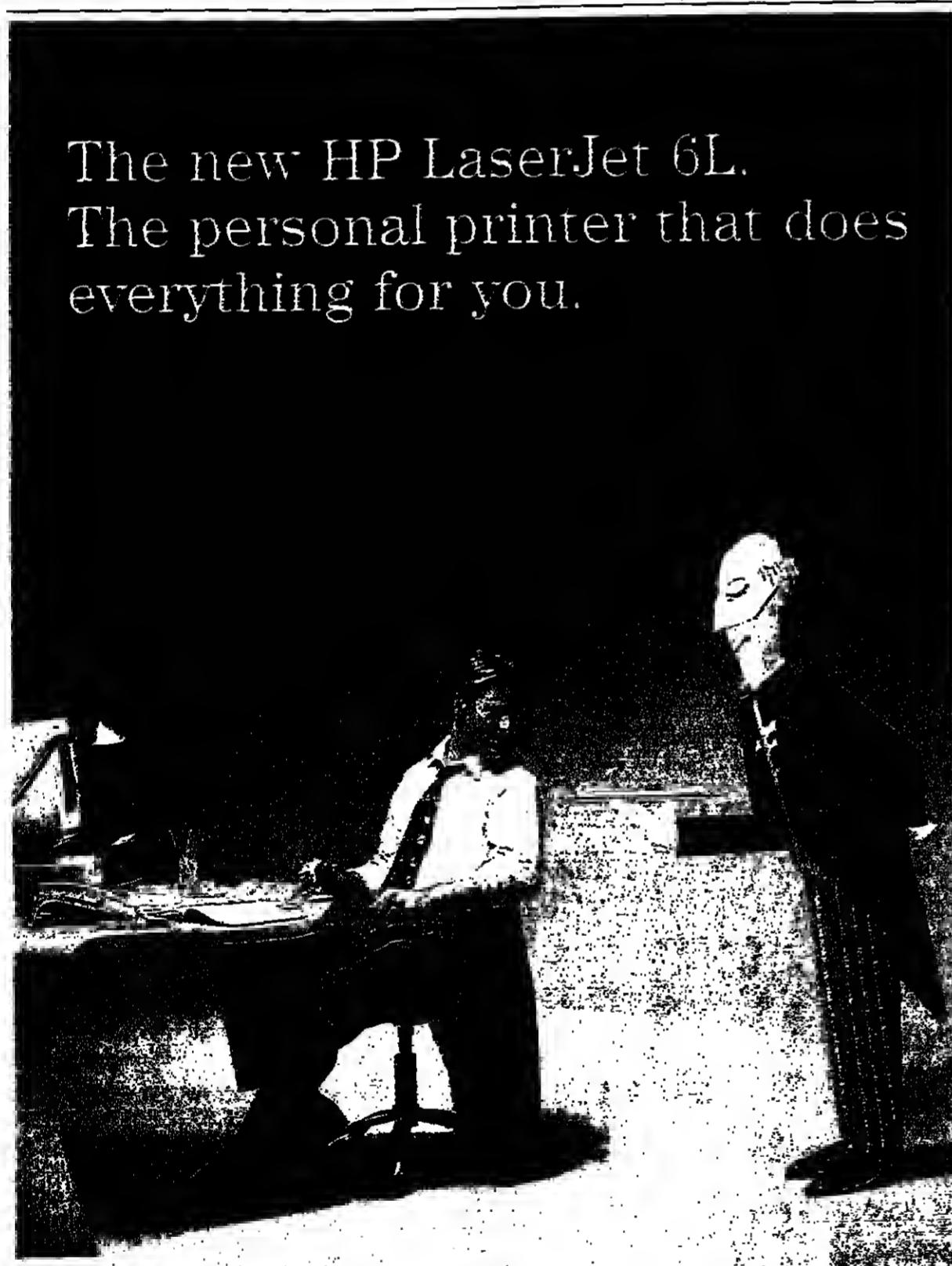


Budding John Travoltas auditioning at the Cambridge Theatre (right) in London's West End for the stage version of *Saturday Night Fever*, the story made famous by the American actor in the 1977 film (above). The play, which will be called *Stepping Out*, will open next April. The producers of the play, which is the brainchild of the actor Paul Nicholas, hope to find their lead by August

Main photograph: Andrew Buurman



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## Parents asked to pay back £700,000 award

Glenda Cooper  
Social Affairs Correspondent

Less than a month since it paid £700,000 compensation to a brain-damaged nine-year-old girl, a health authority said yesterday it would claim the money back after she died suddenly.

The family of Hollie Calladine condemned the action as "outrageous" and her mother, Toni, said she would fight to keep the settlement granted to her for the injuries her daughter suffered at birth.

Hollie, from Gedling, Nottingham, was left blind, tetraplegic, epileptic and with cerebral palsy. Nottingham Health Authority earlier conceded 75 per cent legal responsibility.

Doctors allegedly delayed Hollie's birth too long, ignored her distress and misinterpreted blood tests. The claim alleged she should have been delivered by emergency Caesarean section and that, had this been done, she would not have suffered brain damage caused by lack of oxygen.

The health authority took legal advice after Hollie died from respiratory cardiac arrest

on 27 May — just eight days after the award was made.

Dr Julie Woodin, chief executive of Nottingham Health Authority, confirmed that it had yesterday sought leave to appeal against the 19 May damages settlement and would seek a ruling on the element of the award made for Hollie's long-term future care. The action is believed to be unprecedented.

Dr Woodin said the decision was made on legal advice which stated the authority had a financial duty and a statutory and moral responsibility to "ensure that NHS funds are used to meet the needs of the greatest possible number of patients".

The authority will not contest the element of damages agreed as part of the total settlement for the pain and suffering and costs of care experienced during Hollie's lifetime. Instead, it would look at the amount allowed for the youngster's long-term care during her expected lifetime.

But the Calladine family's solicitor, Paul Balen, said: "Not content with having put Hollie's parents through the distress and suffering of a lengthy

compensation battle, NHA now seem determined to ensure that Hollie is not allowed to rest in peace and the parents are not left to grieve quietly."

He said the courts and their decisions had a degree of finality and the settlement should remain binding on the authority.

"Had their daughter lived longer, their either party's experts had anticipated there would have been no question of Hollie's parents going back to court and asking for more money," he said.

Mrs Calladine said: "I shouldn't have to go to court again. We've been through the courts eight-and-a-half years, but I will fight on. I'm doing it for Hollie and my family. I didn't fight all that time to let it just go down the pan."

Dr Patrick Dando of the Medical Defence Union, a legal advisory body which defends doctors against negligence claims, commented: "This part of the law has not been tested. It will be interesting to see how the case is argued and what the terms of the judgment are. One can only speculate at this stage, but it could make a big difference."

## Councils spared on damages claims

Patricia Wynn Davies  
Legal Affairs Editor

A landmark ruling in the House of Lords yesterday is likely to severely restrict the ability of people to claim damages from local councils over failures to provide social, consumer protection and environmental services.

The case centred on a claim by 56-year-old Peter O'Rourke, a homeless man whom the London Borough of Camden had placed in temporary hotel bed and breakfast accommodation in 1991. He was thrown out of the hotel after a series of complaints by residents about his behaviour and claimed he contracted tuberculosis as a result.

The Court of Appeal ruled that he was entitled to damages for breach of statutory duty — to house him under the 1985 Housing Act.

But Lord Hoffmann, with whom four other law lords agreed, ruled that no such right existed in law.

In a ruling indicating the reluctance of senior judges to make rulings that would add to public expenditure, Lord Hoffmann said: "The fact that Parliament has provided for the

expenditure of public money on benefits in kind, such as housing the homeless, does not necessarily mean that it intended cash payments to be made by way of damages to persons who, in breach of the housing authorities' statutory duty, have unfortunately not received the benefits that they should have done."

Amanda Kelly, the council's deputy chief executive, said that people who felt they were badly treated by councils would still be able to get their cases heard by judicial review, adding:

"As far as Mr O'Rourke is concerned we have always accepted that we had a duty to provide him with long-term accommodation, and we have since done so." But she said: "The ruling is a victory for local authorities and council-tax payers up and down the country."

"It means that local authorities can get on with providing services to the public rather than spending our scarce resources on fighting legal actions."

A ruling against the council would have opened the gates to a potential flood of litigation from people claiming to have suffered damage through councils failing to provide services or

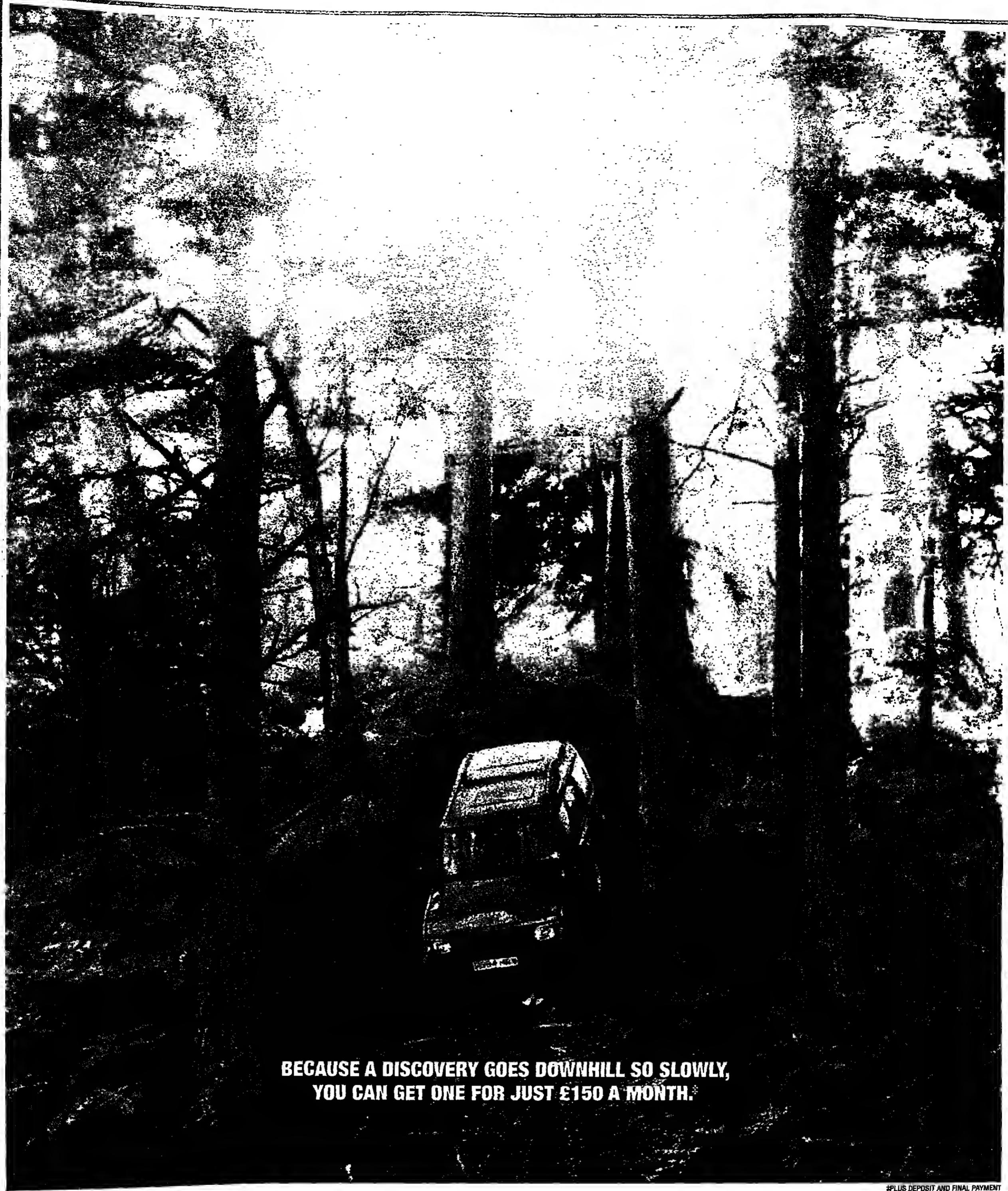
delaying providing them. Camden predicts that the decision will have wide-ranging implications for other services provided by local councils, particularly in the area of social services and environmental and consumer protection.

Quoting from an earlier judgment in a different case, Lord Hoffmann said: "Although regulatory or welfare legislation affecting a particular area of activity does in fact provide protection to ... individuals, the legislation is not to be treated as being passed for the benefit of those individuals but for the benefit of society in general."

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## international

# Reform haunted by Italy's failures past

**Andrew Gumbel**  
Rome



Umberto Bossi: Separatist party sabotaged talks

It was always going to be a tall order for Italy's political parties to try to reform the way the country is run. After all, if bickering among party leaders is responsible for bringing down the average national government in less than a year, what hope is there of those same leaders agreeing to anything as complicated as electoral systems, constitutional checks and balances and the respective roles of president and prime minister?

For a few months this year, it looked as though real reform might be around the corner. The centre-left government installed last May was committed to a major overhaul of the system, and the main opposition party, Silvio Berlusconi's Forza Italia, appeared sympathetic. It suits big parties on either side of the spectrum to know that if they win an election they can be sure of surviving in government for a full five years.

A special commission representing all parties and both houses of parliament began work in January with a mandate to report back in six months. Last week it was on the verge of a major breakthrough: a reinforced role for the prime minister and a twin-ballot electoral system along French lines, plus a package for greater federalism and a rethink of the powers of the judiciary. The parties were still arguing about the

details, but the broad agreement was there.

Then the whole thing was scuppered by one man: the leader of the Northern League, Umberto Bossi. Mr Bossi, whose party has six votes on the 70-member commission, had turned his nose up at the whole process, arguing that his voters in the north did not wish to reform the country, they wanted to leave it.

But his six men turned up for the crucial vote on the new system and swayed the vote away from the "strong prime minister" package in favour of "semi-presidential" rule along French lines. Mr Bossi's commitment to semi-presidential rule seems dubious to say the least; one cannot help thinking his main aim was to sabotage the cross-party agreement for his own political purposes.

If that is what he wanted, he succeeded gloriously. Mr

Berlusconi and his allies suddenly began trumpeting the virtues of semi-presidential rule and insisted that all negotiations had to start from scratch. Members of some pro-government parties talked about cancelling last week's vote and pretending Mr Bossi had never stuck his nose in the process at all.

The result has been a tragicomic opera of constitutional babble: more proportional representation being championed here, less federalism there, unfeasible compromises on the whole package everywhere. The truth is that changing the role of the president would involve such a major constitutional overhaul that it is to all intents and purposes impossible. Since the negotiations cannot go forward on that basis, they are effectively dead.

The episode is the latest sorry twist in a tale that dates to the

foundation of the republic, when fear of strong government following the defeat of Fascism led to endemic weaknesses in every aspect of political life including a strictly proportional electoral system to keep parties small and numerous.

One prime opportunity to change all that, during the corruption scandals that destroyed the political status quo in the early 1990s, was squandered as a new electoral law was introduced only to compound the problem by returning more, not less, parties to parliament.

The present centre-left government, led by Romano Prodi, is every bit as weak as its predecessors and may well fall in the next few months. If Italy cannot at least introduce effective voting reform before the next election, that weakness seems doomed to persist into the next millennium.



Ghost story: Supporters of the referendums being held in Italy on Sunday parading in Rome. Their costumes are a satire on the state of the 'phantom' political establishment. A 50 per cent turn out is needed to change the law. Photograph: AP

## They work better together.

### Goon show that brings paranoia at every turn

"I hate to tell you this," said my driver friend. "but I think we are being followed." We were driving north on the road out of Tirana and, as I saw for myself, a large white jeep was trailing not far behind with two large swarthy men inside.

"What makes you think that?" I asked.

"They've been on our tail since we got out of town and it's pretty surprising a thing that a powerful hasn't overtaken us."

A familiar feeling began to grab me in the guts: Albanian paranoia. I didn't relish having government goons on my tail, and I didn't like to think what they might do if they cornered us. I've had enough friends threatened, beaten up and hounded out of the country to know I don't want it to happen to me.

We drove on in silence until we couldn't stand it any more and stopped for coffee by the side of the road. The jeep drove straight past without so much as a glance in our direction. "Well that seems to be that," I said.

"Unless they've decided to follow us by driving on ahead."

**'Repression is a far more haphazard business than one might think'**

retorted my friend. "It's an old communist tactic."

As it turned out, we never saw the jeep again. But it is so easy to be paranoid in Albania it is almost part of the landscape. This is a country where nothing is knowable for sure, where violence seems to erupt out of nowhere, where conspiracy theories take on an air of credibility with unnerving ease.

Friends and enemies alike seem to know what you are doing before you really know it yourself. After a few days you really do start wondering about spies working for President Sali Berisha, for the United States government, for the Greeks, for the Turks, and god knows who else. The temptation to assume you are the centre of everyone's attention, riding on the very brink of danger at every turn, is almost irresistible.

When I arrived in Tirana, paranoia led me to check into the biggest international hotel in town because it is monitored 24 hours a day by armed guards. The next morning, paranoia led me to check out again as I

#### TIRANA DAZE

began wondering about tapped phones and spies among the hotel staff. "You know those women at the reception desk? At any given time, two of the three on duty will be government agents," I was told, and I was tempted to believe it.

In one restaurant, two unsavoury looking men sat down at the next table and I spent quite a bit of time and energy trying to work out if they were tailing me or my lunch partner. When I met a political contact for a drink in a bar in Tirana, she announced that we had to leave, immediately. "Berisha's men came in here yesterday and dragged a friend of mine out at gunpoint," she said. "He hasn't been seen since."

That information might have unnerved me for days if I hadn't heard the full story a few hours later. The man in question, an Albanian American called Zef Mirakaj with a reputation for denigrating Mr Berisha in public, had been sitting down with a beer when a group of the president's guards, a little the worse for drink, sauntered over from the next table and shouted: "You're the bus ball who caused all that trouble in Vlora aren't you?" Before he had a chance to answer, they had dragged him out into the street.

"You must have got me mixed up with someone else," he protested. "I haven't been to Vlora for months." The guards looked at him, decided they had the wrong man, and let him go.

A few minutes later, though, they started at him again. "You may not be a bus ball from Vlora but you're Zef Mirakaj, aren't you? That's even worse!" And they dragged him out again, this time at gunpoint. He didn't so much disappear as sink off in embarrassment.

Sometimes, Albanians don't know whether to be shocked or burst out laughing. Repression is a far more haphazard business than one might imagine. One joke doing the rounds in Tirana has two friends heading home 15 minutes before curfew. A policeman approaches, draws his revolver and shoots one dead. "What did you do that for?" asks the other. "Curfew doesn't start for another quarter of an hour."

"True," answers the policeman, "but I know where he lives and he would never have made it back on time."

Andrew Gumbel

<http://www.cwcom.co.uk>

كذا من الأصل

In spite of the hype about a new start in Europe, Britain looks set to lose key battles at Amsterdam summit

# Snub for Blair on border checks

SARAH HELM  
Brussels

Britain faces a bruising battle at next week's Amsterdam summit over new treaty plans, published yesterday, which appear to reject Tony Blair's call for legal binding rights to keep frontier controls.

Mr Blair also appears to be losing the argument over the grab of a common European defence.

Yesterday's draft treaty calls for the gradual integration of the Eastern European Union, Europe's fledgling defence arm, into European Union, an integration move which Mr Blair opposes.

Furthermore, the Government has failed to persuade its partners that flexible decision-making, by which some countries proceed at a faster pace than others, should only go along with the unanimous backing of all states.

The draft treaty says

flexibility can go ahead by qualified-majority vote, although other states have accepted that it should not apply to fields such as the single market or monetary union.

Despite widespread predictions that next week's Amsterdam summit would run smoothly for Britain's new government, there are clearly several areas where conflict is likely to arise. In addition to troublesome proposals in the draft treaty text, Britain is likely to come under pressure next week over the timing of its implementation of the Social Chapter regulations.

The Government won widespread goodwill by agreeing to accept the Social Chapter, but now appears to be stalling over translating the measures into law. Nevertheless, the clashes at Amsterdam will be less fractious than the head-on confrontations seen at previous summits when the Conservative government was in power.

## Single currency crisis averted

An immediate crisis over the European single currency looks likely to be averted following a visit to Paris yesterday by the EU Commission President, Jacques Santer, writes John Lichfield.

The French Prime Minister, Lionel Jospin, said "progress" had been made in answering his government's demand for a greater EU emphasis on common policies to promote growth and jobs. In a 50-minute meeting with Mr Jospin, Mr Santer discussed the draft text of a resolution on common economic policy-making which will be put to EU heads of government at their summit in Amsterdam next Monday and Tuesday. After the meeting, Mr Santer said he believed that "all the elements are now on the table" to allow the new French government to sign a pact committing countries which join the single currency in 1999 to strict budgetary discipline.

Although it is now clear Mr Blair will not be able to secure a treaty shaped entirely to his liking, the room for compromise remains broad, and tough talking will almost certainly end in a deal.

In return for giving more ground on issues such as immigration and asylum, defence and voting rules, Mr Blair now

looks likely to secure a deal on fish quota-hopping, which would curtail the ability of foreign vessels to fish the British quota.

The Prime Minister is expected to be able to claim that he has won the arguments over the shape of a new employment chapter in the Amsterdam Treaty, which he hopes will emphasise flexible job markets.

Britain has not specifically demanded an "opt out", because it wants the right to "opt in" to areas of justice and immigration policy at will.

As a result, negotiators have become enmeshed in a legal nightmare. The problem for the government is that although the new text appears to make provision for Britain to pick and choose which regulations to adopt on border policies, there is no black-and-white legal guarantee it can keep borders.

The danger, say government officials, is that Britain could in future be ordered to lift border checks by the European Court.

Other member states are impatient with Britain's stance, which is holding up a deal on what they view as the core of the new treaty. These states have long hoped to finally put in place a "border free" Europe, combined with agreed policies on external frontier controls to create a ring fence around the Union.



Santer: Pact ready



Wax factor: A dummy of Tony Blair is escorted past a tram on its way to Madame Tussaud's in Amsterdam. Photograph: AFP

# Chirac made lame duck as Séguin seizes party crown

JOHN LICHFIELD  
Paris

President Chirac, having lost control of the French government, has lost control of the party which he founded 21 years ago.

Worse, the leadership of the RPR or neo-Gaullist party will pass next month to Philippe Séguin, a man Mr Chirac distrusts (with some reason), and a man who may well try to oust him from the Elysée Palace in five years' time.

Mr Chirac's position is now weak in the extreme. He is, in effect, a duck with two lame feet. His decision to call an early legislative election rotted him of an overwhelming parliamentary majority. It has also dissolved what had seemed to be an unassassable position of strength within his own party, and within the wider alliance of the French centre-right.

On Wednesday night, Mr Chirac's long-time acolyte, Alain Juppé, the former Prime Minister, announced that he would stand down as RPR president next month. Since the election defeat of the Right 11 days ago, the President has tried several manoeuvres to preserve Mr Juppé, or another Chirac loyalist, in the job. It became clear that this strategy, if pursued, would split or destroy an angry and vengeful party. Mr Chirac must now grit his teeth and watch Mr Séguin, the new favourite of the neo-Gaullist grass roots, claim the RPR leadership at a special party conference on July 4.

Although there is no formal reason why he should not remain President until 2002, Mr Chirac's double political isolation leaves him vulnerable to untoward developments in the several investigations which are under way into the doubtful finances of the neo-Gaullists.

President Mitterrand, defeated in parliamentary election in 1986, managed to turn his first period of "co-habitation" with the Right to his advantage; if the new Socialist government suffers significant reverses, President Chirac's stock may yet rise again.

President Mitterrand, however, had to co-habit for only two years, not five. He retained control of his own Socialist party. He enjoyed the amusing machiavellian possibilities offered by the twilight world of divided government.

President Chirac, by contrast,

is in control. According to friends who have visited him in the last week, he has plunged into a post-electoral depression. One friend told the investigative and satirical newspaper, *Le Canard Enchaîné*: "He's doing what he always does when things go against him. He's eating a lot of charcuterie, drinking a lot of beer and watching a lot of television."

The emergence of Mr Séguin, 54, as the new RPR leader is replete with ironies, completing a full-circle of backstabbing within the party. It was Mr Séguin who came to Mr Chirac's rescue in 1995, running his successful campaign for the presidency, after Édouard Balladur, a long-time friend and party colleague, seemed to be about to snatch the prize. Far from rewarding Mr Séguin, President Chirac heaped all the spoils – the Prime Minis-



Jacques Chirac: Sunk into post-election depression

tership, the presidency of the RPR – on Mr Juppé.

Mr Séguin has been fuming, not so quietly, ever since. As the champion of the statist, populist, Euro-sceptic, almost social-democratic tradition of Gaullism, he watched in despair as the Chirac-Juppé government opted for the European single currency and the shrinking of the French state. Although he has declared his undying loyalty to the President this week, he is expected to use his new office to try to rebuild the shattered RPR as a vehicle for his own political ambitions. Mr Séguin is almost certain to run against Mr Chirac in the first round in 2002.

His emergence as RPR president does little, however, to improve the coherence of the neo-Gaullist party. He has the support, for now, of Mr Balladur's faction, but they are enthusiastic supporters of EMU, market freedom and shrinking the welfare state. The blood-letting is far from over ...

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## international

# Palestinians build their state on the shifting sands of corruption

Patrick Cockburn  
Gaza

It is, quite literally, a house built on sand. On a bluff above the coast road overlooking the stagnant pools of Wadi Gaza stands a half-built mansion belonging to Mohammed Dahlan, the head of Gaza's Preventive Security, the largest of the 11 Palestinian security forces.

Not all is going well with construction. Mr Dahlan's four-storey house, said to have another two storeys under ground, and the new road built to its gate, are proving too heavy for the sand on which they are built. In recent months a 10ft wall of oil barrels has been built along the base of the bluff to stop the house sliding into the sea.

For many among the millions of Palestinians in the Gaza strip, living on average income of £1,100 a year, the new wealth of Mr Dahlan and the leaders of the Palestinian Authority is a sign that they alone are benefiting from the Oslo peace accords, under which they returned to rule Gaza in 1994.

In the refugee camp of Burqin, Yusuf al-Khalidi, a money-changer, was almost in tears: "I live in one-and-a-half rooms with eight children. I earn 500 shekels (£100) a month. I am so worried because I look at our sack of flour every morning and there is not enough in it."

Corruption scandals are the talk of Gaza. Mr Dahlan, who was born in the nearby Khan Younis refugee camp, is not alone in his ostentatious expenditure. In the heart of Gaza a new house has just been completed for Abu Mazen, the chief Palestinian negotiator of Oslo, at a reputed cost of \$2m.

Palestinian leaders protest that this is unfair. Ten years ago two-thirds of the income of Gazans came from working in Israel or the Gulf states. Now Israel has sealed off Gaza with frontier fortifications that rival the old Berlin wall. Gazans cannot get out of their tiny enclave to seek work. Last year the local flower crop withered in the fields because the Israelis would not let it through. "You could see donkeys eating carnations in the streets," recalls Salah Abd el-Shafi, an economist.



An Israeli armoured personnel carrier deployed yesterday at a Palestinian protest over land confiscation at Morag, in the Gaza Strip. Photo: Reuters

Gaza is unique in being under a permanent state of siege. More than half the population are refugees expelled from Israel in 1948. (In Ashkelon, the nearest Israeli city up the coast, Palestinians were forced into trucks and dumped in Gaza two years after the war.) It is these who are most vulnerable to the closure. In Burqin, Nasser al-Khalidi, who owns a truck, explained: "It's getting worse. There are just eight permits issued by the Israeli for trucks from Bourjil to pass into Israel. So I can work just one day a week. It isn't enough to cover insurance and maintenance."

The leadership of the Palestinian Authority is not directly responsible for such misery, but their style of life shows extraordinary arrogance. Unlike

most Gazans they have the right to travel. Umm Jihad, the wife of Abu Jihad, the Palestinian hero and lieutenant of the Palestinian leader Yasser Arafat, assassinated by Israel in 1988, was said to be furious at a press report that she shopped in Israel. "I don't shop in Tel Aviv," she told a friend angrily. "I shop in Paris."

The ghetto atmosphere of Gaza encourages such envious anecdotes about VIPs with Israeli passes allowing them to come and go through the checkpoints. But there is no doubt that many members of the PA have been quick to benefit from the fact that goods and services supplied to Gaza are not really bought and sold but have to be negotiated with Israel. Petty corruption includes

a black market in the sale of permits to work in Israel; workers pay about 4,000 shekels (£800) to cross out of Gaza.

More important are the monopolies. Gaza consumes about 3,000 tons of cement a day, which is all supplied by one company. Mr Dahlan reportedly has interests in the gravel and freight businesses.

Most famous of the monopolies is al-Bahar (the Sea). "It is like a huge monster," says one specialist. "It penetrates everywhere. Those in charge are mostly the sons and daughters of senior officials." If you want to advertise in Gaza, buy computer software or rent one of the new red-roofed tourist chalets on the sea front, it will be through al-Bahar.

Mr Arafat's lieutenants were forced to defend themselves against an allegation which had not been really made. At the

same time Mr Arafat tried to suppress a tough report on economic mismanagement by a committee of the Palestinian parliament; even MPs were not allowed to have copies.

This asked what was happening to profits from the sale of cement, petroleum and tobacco, revenues from which do not enter the official budget. It noted there was no free competition for jobs and pointed to ministries' "luxurious and extravagant spending".

In the past, the PA could claim some success in ending the Israeli occupation to set against its corruption and brutality. But this is true no longer. Popular anger may in the future turn in the first instance against Mr Arafat's men rather than against Israel.

## significant shorts

### Shooting disrupts Albanian campaigning

Election campaigning in an Albanian town degenerated into shoot-outs between the president's bodyguards and townsfolk armed with sub-machine guns. The violence wounded 13 and cast new doubt on elections ending Albania's chaotic rule. Gunfire erupted after Elbasan residents angry at the detention of a heckler by President Sali Berisha's bodyguard fired in the air and threw stones at a car full of guards. The guards then fired into the crowd.

AP - Elbasan, Albania

### Germany defends Eurofighter

The German Finance Minister, Theo Waigel, believes the four-nation Eurofighter is necessary both in terms of German national and a wider European interest.

He was quoted in the *Die Welt* newspaper as saying: "I want the Eurofighter and consider it necessary both in the national and European interest. Now it's a question of agreeing an acceptable financial model with the manufacturer DASA."

Reuters - Frankfurt

### Croatia wants UN to leave

The Croatian Foreign Minister, Mate Granic, said the country would not accept the extension of the UN peacekeepers' mandate in the last part of the country still under Serb control. The mandate for the 5,000 troops responsible for supervising the return of Croatian rule to eastern Slavonia, runs out on 15 July.

AP - Zagreb

### Peace at risk in Angola

Heavily armed troops of Angola's former rebel movement Unita are putting up strong resistance against a government army bid to oust them from the diamond-rich north-east, threatening the country's fragile peace process.

Reuters - Luanda

### Mexico blocks landmine ban

Mexico blocked a Western attempt in a UN-backed forum to launch negotiations towards a global ban on landmines. Western diplomats expressed disappointment over the veto, saying it seemed to break a Mexican government pledge won by US President Bill Clinton last month.

Prospects now appeared dimmer than ever for a breakthrough during the session of the 61-member Conference on Disarmament which ends on 27 June.

Reuters - Geneva

### Pol Pot 'to leave Cambodia'

One of Cambodia's co-premiers indicated that a foreign country is willing to grant asylum to the Khmer Rouge leader Pol Pot, fuelling speculation that the notorious guerrilla leader has already fled the country. Cambodian First Premier Norodom Ranariddh would not say which country would accept Pol Pot and his two top lieutenants, but insisted that a "friendly country" had agreed to help in ending Cambodia's years of armed conflict. Thailand's *Bangkok Post* reported yesterday that Pol Pot and associates were in Bangkok en route to China.

AP - Phnom Penh

### Eritrea detains journalist

The Agence France-Presse correspondent in Eritrea, Ruth Simon, has been in detention since April, the French news agency said. AFP said it believed Ms Simon, an Eritrean, was arrested on April 25. The government in Asmara had not announced any charges against her or said where she was being held.

Reuters - Nairobi

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Mean streets: Militiamen loyal to former Congo president Sassou Nguesso in Brazzaville yesterday during a lull in the fighting. Photograph: Reuters

## Butchery on Congo streets

**Christopher Bellamy**  
Defence Correspondent

France yesterday sent tanks to reinforce its 1,250-strong force in Congo-Brazzaville amid reports of "butchery" on the streets of the capital.

The tanks will give extra firepower and protection to French troops protecting and evacuating foreign nationals. France is also concerned about the effect of the disorder in its former colony on its influence in central Africa, and may be reinforcing its garrison to try to stabilise the country, where France has important interests.

Yesterday the French reinforcement was seen as a "veiled warning" that France might intervene if the situation is not resolved, although a French Ministry of Defence spokesman said its mission was to protect foreign nationals and to guard the airport.

One evicue told French radio that soldiers on the spot had put the death toll as high as 10,000. But senior military officers in Paris dismissed the figures. "We don't know how many have been killed. Because much of Brazzaville is made up of shanty towns where people live tightly packed, it is possible

evicues who arrived in Paris yesterday spoke of "butchery". Some said they had bar-

some rounds from multiple rocket launchers could have caused heavy casualties in places. There is no resolution, although a French spokesman said its mission was to protect foreign nationals and to guard the airport.

Yesterday, the French had evacuated nearly 3,000 foreign nationals from Brazzaville airport. They included 1,300 French and some Britons, among them the honorary consul in Brazzaville, Dominic Picard. They were flown to neighbouring Gabon.

Evicues who arrived in Paris yesterday spoke of "butchery". Some said they had bar-

raged themselves in their homes but were increasingly threatened by armed looters, including uniformed members of the government forces. "In the end we became afraid that after looting they would start raping our wives and children so we decided to pull out," one man told French television.

The fighting in Congo-Brazzaville began last week when government soldiers loyal to President Pascal Lissouba, enforcing a ban on private armies, surrounded the house of the former president, Sassou Nguesso.

The French are worried about a possible domino effect among

the francophone states of Africa, following events in Rwanda and Zaire. The victory of the English-speaking Tutsis over the French-speaking Hutus in Rwanda was the first stage in what looks like a collapse of French influence.

During his election campaign the new French Prime Minister, Lionel Jospin, said the fall of Zairean President Mobutu Sese Seko to Laurent Kabila and his anglophone Tutsi rebels marked "a failure of France's African policy". Le Figaro said this week: "Unlike Congo [Zaire], where France had few economic interests, Congo [Brazzaville] is at the heart of our presence in Africa."

## Lawyers and tobacco firms 'deceived public'

Washington (Reuters) — A leading congressional anti-smoking crusader yesterday released confidential industry documents that he said suggest the tobacco industry and its lawyers may have schemed to "defraud and deceive" the public for decades.

Henry Waxman, a California Democrat, made public a handful of the thousands of confidential Liggett and Myers Tobacco Company documents which he said show disturbing patterns of "potentially criminal or fraudulent conduct" by the industry.

Mr Waxman said he was making them public because if the three dozen state attorneys general suing the tobacco companies reach a settlement, which would have to be approved by Congress, he wants to ensure broad disclosure about the companies' past activities and require accountability for the future.

Mr Waxman also said he was introducing a Tobacco Accountability Act, which would



Smoking zone: Liggett's plant in Durham, North Carolina

set up a five-member independent board to be appointed by the Secretary of Health and Human Services. The board would not have regulatory authority but it would have subpoena powers to ensure that the industry make public all documents relating to the health effects of tobacco, the manipulation or control of nicotine, and the sale or marketing of tobacco products to children.

He said the Liggett documents show that tobacco lawyers invoked attorney-client privilege to shield the role the attorneys played. For instance, he quoted from one document in which Liggett's counsel intervened to block marketing a safe cigarette because it could "result in infinite liability" by in effect admitting that the regular product was unsafe.



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## obituaries / gazette

# Nicolette Gray

Nicolette Gray's life was marked by many and diverse achievements, but it is as the historian and advocate and exponent of lettering that she will be chiefly remembered.

She was born in 1911, and christened Nicolette after Aurora's beloved in a poem that must have appealed strongly to her father, Laurence Binyon. His life and work, too, reached into many fields: his career at the British Museum included pioneering studies on the English watercolourists and on Blake, and an even more adventurous exploration of Oriental art, but he was more famous as a poet. His work may seem superseded or out of fashion today, although his translation of Dante is unsurpassed. He had never been afraid to swim against the tide, and this gift, and much else, she inherited from him.

Although he was almost 42 when she was born, they were very close, and from this affinity came an empathy with his generation, and with artists and writers of a still earlier age. He had shared the poetic experiments of Robert Bridges and Gerald Manley Hopkins, and knew Eliot, Pound and Wyndham Lewis when they were young; among many artists whom he knew, Charles Ricketts and Will Rothenstein were particular friends.

At the time of her birth the family home had been in Tite Street, in Chelsea, where Oscar Wilde once lived and had his house decorated by his friend and neighbour Edward Godwin; both were a ghostly presence now, but unforgettably, John Singer Sargent still lived in the street. The world of museums, literature and the arts was her first education, but she did well at St Paul's School, from which she got a scholarship to Lady Margaret Hall at Oxford to read History in 1929. Her enthusiasm for what she liked and admired and the energy with which she pursued it had already spilled over into other activities. She took the younger Paulinas to museums and galleries, organised outings to ballet and theatre, and stood for Labour in the school's mock elections.

These interests were broadened and enlarged at Oxford. Early medieval history became her special subject, and St Augustine brought her to Roman Catholicism in 1931. Next year she got a scholarship to the British School at Rome to study early post-classical inscriptions in Italy. With Diehl's *Inscriptions Latines* in hand, she wandered from place to place, making squeezes papier-mâché moulds, from the stones, which gave her a direct feel for the three-dimensional quality of lettering that lasted the rest of her life. The *Paleography of Latin Inscriptions in the Eighth, Ninth and Tenth Centuries* in Italy was not, however, published in the British School's Papers till 1948, because in 1933 she returned home to marry Basil Gray, who in 1930 had joined her father's department at the British Museum and become close to him (and her) through the great Royal Academy exhibition of Persian art in 1931.

Bringing up a family of five in the house on Campden Hill, west London, in which they went to live could easily have been a full-time occupation, but Nicolette Gray found many other things to do. She had always taken a direct and practical interest in the work of contemporary artists.

## Births, Marriages & Deaths

### BIRTHS

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She had known Barbara Hepworth early on, from whose husband, John Steepling, her parents commissioned a bust that captures her youthful vitality. Her savings went on pictures, including a watercolour by Paul Nash.

Just before she went to Oxford she met Helen Sutherland, the far-sighted patron of so many contemporary artists and musicians, who became a friend for life, and through her she met David Jones. Jones's passion for lettering equalled her own, and it is possible to detect a mutual influence in the work of both. After she went down, Lady Margaret Hall commissioned a portrait from Jones and bought other paintings, at her instance, as did Campion Hall from Ben Nicholson, another close and lasting friend.

For a year she was art critic of *Life and Letters*, and in 1936 organised the exhibition "Abstract and Concrete", first at Oxford, then at Liverpool and Cambridge, and finally at the Lefevre Gallery in London. This not only provided a major showing of the work of Nicholson, Hepworth and another friend, Henry Moore, but also introduced foreign abstract and Surrealist artists, with sculpture and constructions by Alexander Calder, Gabo, Giacometti and Moholy-Nagy, as well as paintings by Kandinsky, Miró and Mondrian (one of whose works she bought). She also found time to contribute two chapters, as well as much informed criticism, to Basil Gray's highly original *The English Print* (1937); Helen Sutherland's copy is inscribed "from the authors".

This in turn led to *XIXth Century Ornamented Types and Their Pages* (1938). It is hard to overestimate the importance of this book, small and sparsely though efficiently illustrated. At a time when Victorian printing was regarded with contempt and neglect, she viewed it with a trained epigraphist's eye and an inherited sympathy for the period. The book also played a major part in rousing interest in "English Vernacular", the native originality of script and deco-

ration expressed in tombstones, pub signs and the like.

After the Second World War, during which the family (the last born in 1943) absorbed most of her time, she published – and dedicated to Helen Sutherland – *Rossetti, Dante and Ourselves* (1947), a remarkable vision of the romantic imagination of the Pre-Raphaelites and its sources, which had an important part in rescuing them from oblivion; it was beautifully printed by Macfiehouse for Faber's.

The revival of interest in vernacular lettering that was one of the trademarks of the Festival of Britain brought her new appreciation and work. In 1953 Nikolaus Pevsner asked her to contribute articles on let-

tering for the *Architectural Review*. These in turn led to *Lettering on Buildings* (1960), published by the Architectural Press, and another piece of model book-production (Gordon Cullen himself designed the jacket).

This time her work was copiously illustrated, mainly by Architectural Press photographers but some by her daughter Cecilia. These photographs, with a text in which history and contemporary practice were neatly balanced, achieved her stated purpose: "to isolate the architectural letter to discover the specific principles which apply to it and, in particular, its relationship to architecture itself; and to proceed thence to a

general theory of the nature of lettering".

That remarkable objective was to find its fulfilment in her teaching at the Central School of Art and Design between 1964 and 1981. There, with Nicholas Buddle, she set up the "Central Lettering Record", an archive of lettering, not merely drawn or printed, but in every medium, which grew from her own photographs (augmented by travels abroad with her husband). Her teaching, showing how every kind of modern, historic as well as contemporary, could be used to train the eye and hand, was as lively and original as everything else she did, and captivated several generations of students; some of them came from Oriental countries, from whom she learned at first hand the nuances of Oriental scripts; to them she imparted her own unrivaled eye for beauty and detail.

In 1976 Faber republished her 1938 work in a splendid and much enlarged format, with many illustrations, under the title *Nineteenth Century Ornamented Typefaces*. Ten years later *A History of Lettering: creative experiment and letter identity* followed, a credo about the artistic quality and communicative function of letters, deeply felt as well as vividly illustrated, which has become the textbook of its subject.

Gray was herself a notable exponent of lettering, beginning as a letter-cutter in the Fifties; among her more notable works are the wall of writers' names at the Stratford Shakespeare Centre, and Cardinal Heenan's tombstone, and a lunette over a door, in Westminster Cathedral.

Her long friendship with David Jones was commemorated by monographs on his inscriptions (1981) and paintings (1989). She also wrote on the other artists who had been her friends, and on Rouault and Sutherland. She arranged the Arts Council exhibition of Helen Sutherland's collection in 1970, and wrote the catalogue

of what was in many ways a shared venture.

Nicolette Gray was the most exciting of companions, particularly on an "inspiration crawl", and a lively conversationalist. I well remember, after she and Basil Gray had moved (in her case, back) to the Keeper's Residence at the British Museum, a lively discussion of the curious resemblance between Victorian text and display types and the fashions for men's and women's clothes – the one all severe black and white, the other all colours, frills and furbelows. I can still see, too, her face, at once beautiful and Victorian, full of vitality, as much so then as it was when, 30 years earlier, Steven Runciman met her catching every eye at the conference on Christian archaeology at Ravenna in 1932.

Something of this went out with the tragic death of her daughter Camilla, never to be forgotten by all who knew her. In 1971 in the Caucasus, but the well of wit and argument remained unquenched when, in 1979, she became the first woman member of the Double Crown Club, the club for printers, publishers and all involved in the graphic arts.

Stanley Morison, who had the greatest influence on the practice and history of lettering this century, had the surest intellectual grasp of the evolution of lettering over the centuries. Nicolette Gray had a similar grasp of his aesthetic and tactile formation. To her letter forms were a tangible as well as visible record of the past, reflecting the text in ways unconscious as well as conscious. To have charted that progress with a vision as clear in sight as mind is an enduring achievement.

Nicolas Barker

*Nicole Mary Blayney, lettering historian; born Stevenage, Hertfordshire, 20 July 1911; married 1933 Basil Gray (died 1989); two sons, two daughters, and one daughter deceased; died London 8 June 1997.*

# Piotr Skrzyniecki

Piotr Skrzyniecki, the larger-than-life figure who ran the Cellar of the Rams in Krakow from its creation in 1956, was revered, even adored, in Poland. For his funeral last month, crowds filled the Rynek, the huge central square in Krakow, to pay an emotional farewell to the cabaret impresario. It was, to quote one Polish magazine headline, the End of an Epoch. The accompanying cover photograph did not need identification. Piotr Skrzyniecki, after all, was unmistakable.

With his signature plumed hat (nobody ever saw Skrzyniecki without his hat), he was a well-known face in the city's cafés and bars. ("The only people who are really afraid of alcohol are the people who have something bad to hide," he once said.) Piwnica pod Baranami – "The Cellar of the Rams", or simply Piwnica (piwniecka) – became a national symbol of all that was most cheering about Poland's resistance to the imposed one-party regime. One speaker at Skrzyniecki's graveside summed up Piwnica's role.

"It was much more than a cabaret. It was a breath of freedom and of ironic distance to the reality which surrounded us." Humour, imagination and flamboyance were rolled together in Skrzyniecki's hulky frame. Skrzyniecki (skrzyniecki, if you're feeling brave with phonetic experiments) was always Piwnica's central figure; now that he is gone, the performers wonder whether it is worth continuing.

Skrzyniecki was born in Warsaw in 1930. His parents wanted him to study economics. But he was having none of it. Instead, he studied history of art for five years before starting Piwnica, with a group of friends, at the age of 26. After riots "for bread and freedom" in June 1981, he was prosecuted for allegedly inciting an opposition demonstration just by his presence in the market square. His response: he set the bureaucratic gobbledegook to music (combined with an equally bureaucratic document, in which he was notified that the charges had now been lifted). The authorities were made to look ridiculous.

All theatrical performances had to be approved by the censor, but at Piwnica the official "text" for a performance was often ignored. Skrzyniecki liked to taunt the authorities' hidden representative: "For the gentleman sitting here to report back on tonight's performance – we hope you like the next song. It is specially for you."

But part of Skrzyniecki's strength was his awareness that not all of life is about politics, even when living under a mad and bad government. Skrzyniecki's Piwnica revelled in beauty – music, theatre, painting – for its own sake. Keeping the flame of independent thought burning was, for him, another way of keeping beauty alive. Conversely, respect for beauty was itself a form of resistance to a mindless regime.

Skrzyniecki's Piwnica was as much an artistic family as a professional troupe. Its performers – actors, singers, painters, writers – worked mostly for love. For love of Piwnica, which really meant the love of Piotr Skrzyniecki himself cared nothing for material things. In the words of one colleague, "He hated money. I don't know anybody who had such a casual attitude to his own and others' possessions. Unless it was a book, or flowers."

After the final collapse of Communism in 1989, Piwnica found itself partly without a role. It still sought to retain its old irony. During the chaotic period after the Communists had rolled up their tents and vanished, one Piwnica performance was entitled: "Comrades, Come Back!" But life had moved on. Skrzyniecki became an honorary citizen of Krakow, in 1994. But by that time he was already ill, with cancer. And the best days seemed to be over for Piwnica, too. In the Communist era, nostalgia had enjoyed a kind of piety. In that cramped cellar, everything seemed for the best.

The satire was sometimes gentle, sometimes sharp. Above all, nobody on the Piwnica stage sought to hide that the Communist regime was madness made real. Beauty and rebellion were always intertwined. One favourite Piwnica song – performed during the relatively liberal period of 1980 and 1981, when Solidarity was first legal – was based on a popular song of the 1930s. "Love explains things away so beautifully... Betrayal

woven together by Skrzyniecki as master of ceremonies. The words came from some of Poland's best-known poets, the music came from some of the most popular composers. Nothing in metropolitan Warsaw could quite match it. Nor did the casually self-confident mood have an equivalent elsewhere in Eastern Europe. In that cramped cellar, everything seemed for the best.

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Stevie Cranshaw

*Piotr Skrzyniecki, cabaret impresario; born Warsaw 12 September 1930; died Krakow 27 April 1997.*



Gray: at once beautiful and Victorian, full of vitality. To her letter forms were a tangible as well as visible record of the past

QVI A PER INCARNATI VEROBI MYSTERIVM NOVA MENTIS NOSTRAE OCVLIS LVX TVE CLARI TATIS INFVLISIT

*QVI A PER INCARNATI VEROBI MYSTERIVM NOVA MENTIS NOSTRAE OCVLIS LVX TVE CLARI TATIS INFVLISIT* (For by the mystery of the Word made flesh . . .): from Gray's *The Painted Inscriptions of David Jones* (Gordon Fraser, 1981). The text is from the Preface for Christmas. The inscription is signed and dated on the back, "Basil and Nicolette [Gray] and all the children with love from David. Xmas 1933". The movement throughout is particularly felicitous; the letters are not only interrelated vertically – as S in line 3 with the V below, R in line 5 with this diagonal of X and vertical of T below, but the lines are entangled, P in the first line impinging upon the next, as do A and N in line 4, and throughout the letters work together as in a dance.

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*BIRTHS*  
Major Sir Ralph Anstruther, royal equestrian, 76; Mr Nicholas Brown MP, 52; Dr David Curry MP, 53; Professor Inga-Sima Ebwebank, Professor of English Literature, Leeds University, 65; Mr Gwynne Howell, opera bass singer, 59; Mr Tom King MP, 64; Capt Norman Lloyd-Edwards, Lord-Lieutenant of Leicestershire, 64; Mr Malcolm McDowell, actor, 54; Sir Peter Marychurch former Director, GCHQ, 70; Mr Michael Mellish, former President, MCC, 65; Dr Barbara Reynolds, lexicographer, 83; Colonel Sir John Ruggles-Brise Bt, former Lord-Lieutenant of Essex, 89; Dr Bertram Schofield, former Keeper of Manuscripts and Etonian Librarian, British Museum, 101; Mr Peter Scudamore, jockey, 39; Mrs Mary Whitehouse, founder and President Emeritus, National Viewers' and Listeners' Association, 87; Mr Andrew Whitam Smith, founding Editor, the *Independent*, 60.

*ANNIVERSARIES*  
Births: Fanny Burney (Madame D'Avalley), novelist and diarist, 1752; Thomas Young, linguist and physicist, translator of the demotic inscriptions of the Rosetta Stone, 1793; Dr Thomas Arnold, Head of Rugby School, 1795; James Clark Maxwell, physicist, 1831; Sir Charles Algernon Parsons, inventor of the steam turbine, 1854; William Butler Yeats, poet, 1865; Elisabeth Schumann, operatic soprano, 1885; Dorothy Leigh Sayers, thriller writer and playwright, 1893; Deaths: Alexander the Great, 323 BC; Sir George Ayresmith Grossmith, conductor and composer, 1962; Martin Butler, philosopher, 1965; Benjamin David Britten, 1976; Sir Peter Maxwell Davies, 1985; Dr Gordon Green, chemist and entrepreneur, 1986; Dr Alan Alda, 1987; Queen Victoria made her first railway journey (from Slough to Paddington in 23 minutes), 1842; the Boxer Rebellion started in China, 1900; Mr Geraldine Brodrick of Sydney, Australia, gave birth to nonuplets (nine children, of whom two boys and four girls survived), 1971; inflation in Britain reached 25 per cent, 1975; six shots from a blank carriage pistol were fired at the Queen in the Mall by a 17-year-old youth, 1981; John Paul II, 1982; £10m was given to the National Gallery to start an endowment fund, 1985; the Queen bestowed the title "Princess Royal" on Princess Anne, 1987. Today is the Feast Day of St Anton of Padua, St Aquilina, St Feleus and St Triphylilius.

*LECTURES*  
Tate Gallery: Christine Atha, "Kierkegaard and Baudelaire: the object in the picture as object", 1pm, National Gallery; Jacqueline Lewis, "Moors (ii): Wright of Derby", 6pm, 25/7, New London Synagogue (Masorti); 9171-328 1026.

*ROYAL ENGAGEMENTS*  
The Queen Mother, Colonel-in-Chief, of the Queen's Royal Hussars, presents the Queen's Royal Hussars with a new Guidon at Cadbury Barracks, Cannock Chase, 11 June; Queen Elizabeth II, Colonel-in-Chief, of the Royal Welsh Guards, presents the Royal Welsh Guards with the 200th anniversary of the Royal Welsh Guards, 11 June; Prince Charles, Prince of Wales, launches the new main building of St Richard's Hospital, Chichester, 16 June.

*CHANGING OF THE GUARD*  
The Household Cavalry Mounted Regiment presents the Queen's Life Guard at Horse Guards Parade, 11 June; the Royal Guards present the Queen's Guard at Horse Guards Parade, 11 June; the Queen's Guard at Horse Guards Parade, 11 June.

# On inflation, the Chancellor must dress to kill

**T**his is the story of the Chancellor's New Clothes. Gordon Brown paraded his lounge suit at the Mansion House yesterday and delivered his Big Speech. "Look, he's not wearing a penguin suit!" shouted the little boy. In this version of the story it was the little boy's older brother, who works in the City, who added dismissively: "He's got no clothes on at all." From Flash Gordon to Flasher Gordon in one short month.

The older brother and his City friends are not impressed by the new inflation target. To them it looks suspiciously like going naked into the fight against inflation. They are too worldly-wise to be taken in by the Chancellor's courtiers, who prepare the way for his triumphant progress through the crowds by leaking details of his new clothing to the *Financial Times*. According to yesterday's *FT*, the Chancellor's new lounge suit is made of stiff anti-inflationary fibre and reinforced prudently with golden-rule thread. Well spun.

However, as we report today, Mr Brown has replaced a target range for inflation of 0 to 2.5 per cent with one of 1.5 to 3.5 per cent, despite his categorical declaration that "the thresholds do not define a target range". That does indeed look like a target range, and there are many who will be tempted to say that would be a good thing: it is always tempting to think that a little bit of infla-

tion is a small price to pay for economic growth and getting people into work. But the new inflation target does not mean that policy will be relaxed, and nor should it be. On the contrary, now is the time to be most unsentimental in cracking down on inflation.

The courtiers of the Chancellery are actually quite right when they claim that the new target will be tougher in practice than the old one because it will be pursued by an independent Bank of England, rather than by politicians. They also have a case when they point to the Conservative record of casually missing the target. And it is time to be tough. It is not just our globally-warmed summer climate, our new, clean and fresh government, our coincidental sporting victories: there really is a feel-good factor out there. That much was obvious long before the election. The economy has been booming for some time. The numbers show that we are in the middle of a strong economic upswing. We are at a high point, and that is always the dangerous point in the cycle, because it takes about two years for policy mistakes to show up in the inflation figures, and it is all too easy for policy-makers to believe optimistic forecasts. Inflation, once a blip no bigger than a man's fist, nearly ran out of control in the Lawson boom in the late Eighties for that reason. It has been low by British standards since then, but still higher than in most of our competitor

countries. And the risk of another upward blip is real. The potential for wage inflation is there, with falling unemployment and reports of skill shortages. Add to that the huge flow of cash into the economy from the "privatisation" of holding societies, bringing more upward pressure on prices. Up to half of the windfalls are being saved, but a lot is being spent on foreign holidays and home improvements.

The real danger, however, comes from the Prime Minister's £200,000 windfall profit on the impending sale of his Islington house. The housing market is the engine of inflationary booms

and one of the strongest temptations of the "a little bit of inflation never did anyone any harm" school of thought. It is vital to break the inflationary psychology of house prices, and Mr Brown should act in next month's Budget to phase out the remaining tax subsidy for mortgages. All in all, then, there is a lot to worry about on the inflation front.

If Mr Brown pays attention to those risks, and tackles things like the house price inflation problem, then all the elements will be in place for a credible and tough stance on inflation which could lay the foundations of the much-vaunted "stability" which Mr Blair and

Mr Brown claim to seek. They have acted astutely to take the critical decisions without delay, which will make it easier to stick to the strategy when the ride gets rougher, as it undoubtedly will. One cleverness in Mr Brown's speech last night was the way he built into the inflation target a correction mechanism in case the Bank of England adopted too tight a policy in a downturn. Already, neo-Keynesians are complaining that Labour's plans to move 250,000 people off the dole and into work are doomed to failure unless demand is stimulated so that there are real jobs for them to go into. This misses the point, which is that unemployment is falling so fast that the Government is running out of 18- to 25-year-olds to put on its schemes before they have even been set up. But there will come a time – probably around the time of the next election – when economic forces will turn round, and Mr Brown will come under political pressure to change the terms of the Bank's remit. It will help a little, electorally, that the Bank is now at arm's length, but Labour needs to make the case for low inflation. In the short term, there is trade-off between jobs and inflation, and it is tempting to prefer jobs. But inflation has a momentum and a psychology of its own, and in the end destroys jobs.

In a few years' time, Mr Brown will have to cast aside the new-look lounge suit and don the armour of the Iron

Chancellor, protected against the inevitable half-bricks that will be hurled in his direction, many from his own party or its natural supporters. For that, he will need to be explicit about why inflation is a Bad Thing, and why in the long term low inflation is essential to creating jobs. In government, as in marriage, it is best to start just as you mean to go on.

## Got a problem? We'll, er, review it

The Government began by hitting the ground running. Now it is hitting the ground reviewing. Almost any tricky problem is met with a review. Preferably wide-ranging and fundamental. Instead of banning it, or ignoring it, let's review it. Defence. Social security. Hospital closures. Roads, railways, aeroplanes. Surrogacy, literacy, numeracy. And now stress. Not that there is any stress under a New Labour government, but no doubt there are a few cases left over from the last 18 years. What next? What about a wide-ranging, fundamental review of reviews? Margaret Thatcher took a brief look at commissions and reviews, and snorted at the lot. Instead, she told her ministers to make up their minds what they thought, and then set about leading opinion. But perhaps Labour ministers find that too stressful?



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## LETTERS TO THE EDITOR

### Barbaric treatment of Dayak tribes

Sir: It is regrettable for tribal peoples that your report "The return of the cannibals" (9, 10 June) echoes an attitude better left to the unashamed cultural prejudice of the Victorian era. Its publication in a quality newspaper potentially undermines years of work by tribes and their supporters to persuade the world that tribalism are no more "savage" or "primitive" than the rest of us, and that our unhappiness with their cultural practices should no longer be an excuse for the theft of their land and resources.

No country in the world treats its tribal peoples worse than Indonesia, whose army has killed at least 45,000 in West Papua (Irian Jaya) alone. As well as imprisonment, torture and killings, Indonesia's other main attack on the tribes is its notorious "transmigration" project, planned as one of the largest displacements of population in human history. This involves shipping hundreds of thousands of Indonesians from the overcrowded centre into the "remote" outer islands, with the result that the indigenous tribes suffer waves of invasion by colonists who treat them with racist contempt.

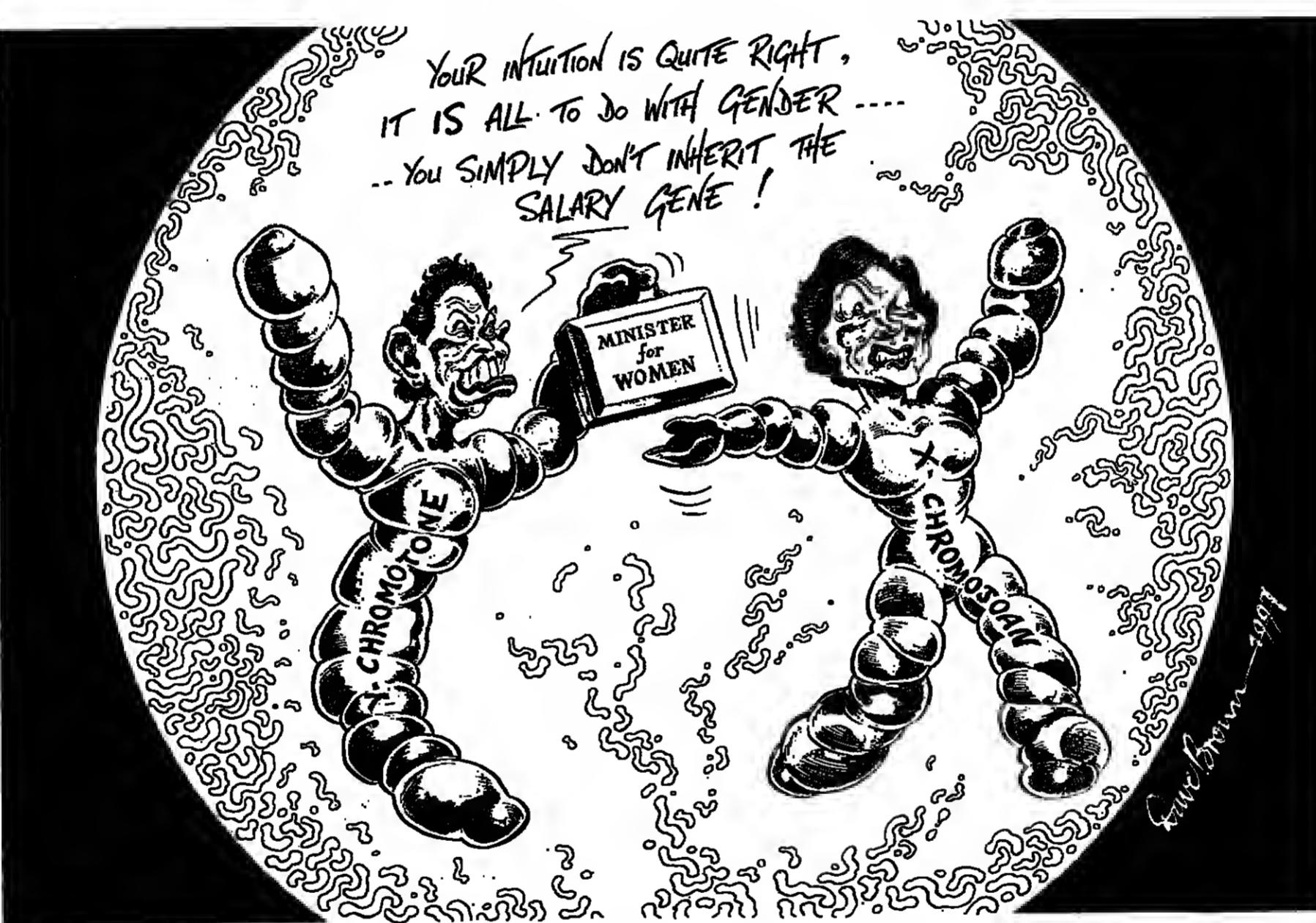
To be fair, *The Independent's* "cannibal" report does mention the influxes of settlers into Indonesian Borneo, but not until the reader has endured a litany of brutal killings, the eating of colonists' hearts and so forth.

We are not excusing this behaviour – the Dayak tribes have clearly been pushed beyond breaking point and have resorted to violence in retaliation for the treatment they have been subjected to. Once they have killed their enemies, they have chopped off the heads of several, and eaten the hearts of a few (according to our information, less than a dozen). This is how they traditionally treated their enemies' bodies. It is appalling and barbaric, but is it any more so than the way in which the Indonesian state treats its minorities? Stereotypes such as the Dayaks' "superficial" modernisation masking a belief in "spirits" and "ancient and merciless traditions of head-hunting, cannibalism and witchcraft" are reactionary and have no place in your newspaper.

The same issue of *The Independent* (9 June) includes a report about Italian soldiers torturing young Somalis in 1993, swinging them up with electrodes on their testicles, throwing them against razor wire "for the amusement" of their captors and so on. Tribal people may sometimes behave like savages – particularly when they feel mortally threatened. But so do the rest of us. By equating "ancient" tribal beliefs with inhuman brutality, which is the overriding message of your report, the article unconsciously supports Indonesian racism about tribal peoples.

STEPHEN CORY  
Director General  
Survival International  
London WC1

Sir: Richard Lloyd Parry has missed the much greater tragedy in West Kalimantan (report, 9 June). The indigenous Dayaks, like millions of other tribal peoples throughout the Indonesian archipelago, have been dispossessed of their forests, land and resources in the name of



"development". The Indonesian government policies are responsible for the destruction of tropical rainforest and local communities' traditional livelihoods on a massive scale through logging, mining, transmigration and plantations.

All over Indonesia, explosions of violence are becoming more common as people have no other means of expressing their resentment against a corrupt, oppressive, military regime which receives support from Western governments, aid programmes and companies, including the UK. The Dayaks are a peaceful people who are struggling to survive in their traditional lands. Shocking though your correspondent's report is, to focus on headhunting and cannibalism misrepresents the violence which is being done to them.

FRANCES CARR  
*Down to Earth*  
Campaign for Ecological Justice  
in Indonesia  
London SE15

Sir: While in opposition the Labour Party was forever criticising the government for allegedly manipulating the unemployment figures through the means used to compute the unemployment total. When is the new government going to institute what they see as the true method of recording unemployment? Perhaps now the Labour Party is in power and unemployment has fallen to a 17-year low they are prepared to let the matter rest.

DAVID ELLIOTT  
Brighton, East Sussex

### Leave carbon underground

Sir: The UN Framework Convention on Climate Change in Kyoto in December will be a significant event. Now is the time to appreciate the fundamental nature of the ecological concern about emissions of greenhouse gases from fossil fuel use.

We must appreciate how unusual the Earth is in having an atmosphere with low carbon dioxide (0.03 per cent) and high oxygen concentration (20 per cent). The nearest planets, Mars and Venus, have carbon dioxide around 95 per cent and oxygen less than 0.2 per cent. So the Earth's atmosphere is composed of a most unstable set of gases, far removed from normal chemical equilibrium. This unstable mix has two characteristics needed to maintain life: temperature control, so liquid water is available and biochemical reactions proceed at the correct rates; and oxygen as a source of chemical energy for animals, including humans.

The original high concentrations of carbon dioxide have been vastly reduced by life processes, which have produced the present oxygen-rich and controlled-temperature atmosphere. Our life is now only possibly because carbon has been extracted from the atmosphere, to be stored out of the way underground.

Therefore the ecologically correct place for carbon is underground. We are going against

the principles of life when we remove carbon from underground and place it in the atmosphere, as when carbon dioxide is produced from the combustion of fossil fuels.

This ecological understanding also gives us the way to substitute for fossil fuels, and likewise for radioactive fuels also best left underground. Sustainable life depends on solar energy producing oxygen from plants. Learning from this, the political challenge today is to replace fossil fuels with renewable energy. Every kilowatt hour of renewable energy used from the sun, wind, water, crops etc, allows about 1kg of fossil fuel to remain underground. There is abundant solar energy for the total abatement of fossil fuel, and the technologies are known and demonstrated. All that is needed is the political will. Hence Kyoto.

JOHN TWIDELL  
Professor of Sustainable Energy  
Technology  
De Montfort University  
Lincoln

Sir: In your report "Outlook worse for a troubled planet" (3 June) you say that there have been two severe accidents involving radiation releases. Three Mile Island and Chernobyl. The Three Mile Island incident involved the overheating of a reactor due to coolant loss and there was no release of radiation. In fact, Three Mile Island is now up for sale as a prime industrial development site.

DAVID YOUNG  
British Nuclear Industry Forum  
London SW1

### Patten's policy of confrontation

Sir: The real story of the end-game in Hong Kong goes unreported.

Every move of Governor Patten is directed to making the transfer of power as troublesome and invidious for Peking and as destabilising for the successor authority in Hong Kong as possible. He has succeeded in pillorying Peking internationally and framing China with blame for the consequences of his own confrontational policies. The ignored facts about the impending standing down of the present chamber of the Legislative Council and its replacement by what Mr Patten and his allies like to call a "puppet" Provisional Council are as follows:

Britain had no legal right to organise elections in Hong Kong for a term of office that extended beyond 30 June 1997, unless the constituency arrangements were agreed with Peking. Because there was no such agreement on arrangements for the elections held in 1995 under the constitutional changes unilaterally introduced by Mr Patten, the council thus elected will cease to have legitimacy at the moment of transfer of power.

Faced with the unexpected and treaty-breaking withdrawal of British co-operation to achieve a smooth transition, and since immediate elections would overload the new Hong Kong government, China improvised and

created a short-term Interim Council. That body is to be replaced within 12 months by a chamber elected under the system agreed by both sides prior to Mr Patten's appointment.

It is China which has observed its treaty obligations. Britain, through Mr Patten, which has flouted them. It is lamentable that the new government here, by backing the governor and his provocations, has missed an opportunity to correct its predecessor's policy of confrontation with China.

NEVILLE MAXWELL  
Oxford

### Confusion over the millennium

Sir: Thank you for your clear exposition (*Technique*, 3 June) of the firm arithmetical reasons for the 21st century and third millennium to begin on 1 January 2001.

When Julius Caesar initiated the Julian calendar in 46BC, he found it necessary to declare that that year should have 445 days, which earned for it the title of the Year of Confusion. Those who wish for something to celebrate on 1 January 2000 could boil the start of the Second Year of Confusion.

Not only will it be the year widely but mistakenly believed to be the start of the millennium, it will also be the year in which much of the world's computer software, short-sightedly written to accept dates only up to 1999, will cause widespread commercial and other disasters.

Dr J M WILLIAMS  
Chichester  
West Sussex

### Magazine with real girl power

Sir: Ruth Padel is right to dislike the idea of "men setting my daughter a female image that's really been made by men" ("Puppy power for the Nineties", 10 June). But she is wrong to think that this is the case with the Spice Girls.

Howard Johnson actually "ghost wrote" less than an eighth of the official *Girl Power* book and I provided the rest of the copy, which was planned and dictated by the girls themselves. Similarly, they've already written and edited two issues of *Spice* (not *Girl Power*, as was mentioned), their own magazine, published by John Brown Publishing. As their co-editor (and female, when I last looked), I have worked closely with them since last summer and I am glad to be able to assure Ms Padel that they really are creatively independent in all areas of their careers.

The idea of men (or anyone) controlling them is risible – Simon Fuller, their manager, leaves the magazine completely up to them and they conceive, write and edit the whole thing, without a man in sight.

The result? Something real, for the fans. As they say: "Written by the Spice Girls, just for you." Believe it or not, it's true.

REBECCA CRIPPS  
Co-editor  
*Spice*  
*The Only Official Girl Power Magazine*  
London SW4

### Keep drinking black tea

Sir: Contrary to your article on green tea ("... and how a cuppa can put the lid on cancer", 5 June) the black tea we drink in the UK also contains substances which have anticarcinogenic activity.

The focus of the article – a substance called EGCG which helps to stop the production and growth of cancer cells and is found abundantly in green tea – is also present in black tea in significant quantities. In addition, research in the Food Safety Group at the University of Surrey has shown that, during the change from green to black tea, new substances are formed which themselves also have antimutagenic activity.

In terms of its potential influence on cancer, the UK's favourite drink has as much going for it as the green tea preferred in some other parts of the world.

Professor R WALKER  
Food Safety Group  
School of Biological Sciences  
University of Surrey  
Guildford, Surrey

### Weeping into my polenta

Sir: Jojo Moyes mentioned that the people of Islington were "laughing into the polenta" with the news that the Blair factor had increased house prices by 25 per cent in their area (report, 11 June).

Now, I am all for the sun-dried tomato but I am alone in finding polenta as tasty as wallpaper paste? Maybe it's due to the climate: after all, Islingtonians are four miles nearer the Mediterranean than I am.

CHARLIE BURGESS  
London N10



## Unelected, unaccountable and still unchallenged

**O**pening the debate following the Queen's Speech setting out his new government's programme, Tony Blair said that "a Britain that is young of mind and confident of its future must change a situation in which unelected quangos spend more money than elected local government". This is one area where Labour has raised expectations but which it looks set to disappoint. Already Blair was stepping back from his strong speech, two years ago at a Labour Party conference, in which he said, "It is time to sweep away the quango state."

Labour's promises are echoes of those made by Margaret Thatcher and Michael Heseltine in the early 1980s when their commitment to do away with these unelected organisations which administer vast sums of public money proved to be pure bunkum. They created hundreds of new quangos by removing powers from local government or devolving central government functions. But Labour, despite its rhetoric, looks as if it will be hard-pressed even to reduce the number of quangos by the end of its first term of office. We now live in a quango society and only very radical action would change it.

It would help if we knew the number of quangos and the extent of their powers, but this is part of the problem: the information is not published centrally. The Government does issue a booklet called *Public Bodies* but this only lists those which are non-departmental, that is, are not part of a specific government department and only includes national bodies. Whole swathes of the quango state, such as Training and Enterprise Councils, universities and the executive agencies that have been binned off from government, are all omitted.

Stuart Weir and Wendy Hall, in a series of pamphlets for Charter 88, have managed to outline the extent of the quango state. They estimate that there are some 5,750 executive quangos, crudely defined as those which do something and spend money doing it. In addition, there are some 674 committees which have an advisory role. There are, of course, multiple problems of definition about which bodies qualify as quangos. For example, Training and Enterprise Councils generally are excluded because they are private companies. But with the bulk of their income coming from taxpayers, this is illogical.

Spending by these executive quangos is a significant proportion of overall government expenditure. Weir and Hall put the figure for last year at around £6.4bn, more than a third of total government spending. (Local government spending, they estimate, was £7.34bn). The public are kept in the dark about where all the money goes. A third of the quangos – including many major and controversial bodies such as the Funding Agency for School and the Public Health Laboratory Services Board – do not even bother to produce an annual report. Only 2 per cent of the 5,000-plus quangos have open meetings of their boards or ruling bodies.

While the spending by advisory committees is small beer by comparison, they are even more unaccountable and secretive. The reasoning behind appointments of the great and good to these committees is rarely given and a derisory 4 per cent of them bother to produce annual



**Christian  
Wolmar**

**E**very year thousands of undemocratic organisations spend vast sums of public money. Labour has promised to 'sweep away the quango state'. But is it doing enough?

make quangos more financially accountable by ensuring that members can be made responsible for the misallocation of funds, in the same way that local councillors can be charged.

Welcome as these moves may be, they fall well short of a radical challenge to the quango state. John Stewart, a Birmingham University academic and quango watcher, does not expect much from the Labour government. "Labour," he says, "has long criticised the democratic deficit but it has never given any details of what it plans to do about it." There are suggestions that local authorities should draw up community plans involving the democratisation of local quangos and that the mooted regional assemblies may be given scrutiny powers over quangos. But Stewart adds: "On the whole, they are not going to go for direct democratic control."

It is only in London where there is a real challenge to the quangocracy that was created by the abolition of the Greater London Council. Here Labour plans an elected mayor and all-London assembly. But this will merely make up some of the democratic deficit resulting from Mrs Thatcher's famous act of municipal vandalism in the capital, where the lack of a strategic authority has been particularly damaging. In Scotland and Wales, too, there will be a reassessment of quangos.

But nationally, Labour needs to take the bull by the horns. The best way would be through a thorough review of the functions of each quango, or type of quango, and an assessment of how it could be made more accountable.

But such a democratic audit would only be worthwhile if Labour were to overcome its mistrust of local government and begin to give back some of the powers taken from local councils in the past two decades.

reports. Some of the committees have been derided for using taxpayers' money for such lofty purposes as deciding which wines to choose for official dinners, or which polar explorers deserve medals.

The spread of the quango state is opposed because of their lack of accountability, their secrecy, and their fundamentally undemocratic nature. So what could Labour do if it were in radical mood? Even critics of the quango state, such as Weir, admit that they are a necessary part of modern Western democracies. Instead of attempting to abolish all of them, Weir says the Government should "make them more transparent, whether through election, audit, or ombudsman as well as through Parliament. The notion of ministerial accountability for such bodies is far too frail."

Labour has promised to review the appointments procedure to ensure that the reason behind particular selections is made clear, signalling an end to cronyism and the "Tory wives" syndrome. This will mean changes. Indeed, there are thousands of appointees, particularly chairs of major bodies, who must be resigned to their fate. At one time there was talk of a Labour list of their own "great and good" to replace the Tory appointees, but this has been quietly dropped. Now Labour politicians are steadfastly refusing to answer questions about how they will deal with the issue. While they want to resist accusations of large-scale political patronage, they don't want to leave the Tory placemen in position.

Labour has also promised to

## How to make men socially acceptable

by Suzanne Moore



Greta Wynn Davies

**T**each them some manners and get them to hang out with the girls – but keep their genes out of it

**I** feel it in my fingertips, I feel it in my bones, that the headlines of the past few days are not quite right somehow. "Genes say boys will be boys and girls will be sensitive." "The X-factor: (Or why men are hopeless at parties and the girls aren't)" and even from this revered organ, "Revealed at last: Why boys will be boys and girls will be girls". To read that men are genetically programmed to be socially inept comes as no great surprise to me, having encountered a few of these beings outside laboratory conditions.

Perhaps I only feel these things because I am genetically blessed with a gene "that explains feminine intuition". Forget my upbringing, my experience or even the fact that I may have read a few books, let us all bow down to the new faith of genetics as the explanation for all behaviour. This position crudely summarised by the press, not, I hasten to add, by the geneticists themselves, is this: "I can't help it, guv'nor, it's in my genes."

The finding comes from a study of 80 girls with Turner's Syndrome, a rare condition in which girls demonstrate serious social adjustment problems.

The work, by Professor David Skuse and his colleagues at the Institute of Child Health,

has identified a gene that, once "switched on", may explain why women are better at social skills than men because of the lack of an X chromosome.

Turner's Syndrome produces girls with normal intelligence who struggle socially because they are not

very good at interpreting the emotions of others or at recognising non-verbal communication.

Are these poor girls then actually boys? Or are they just like boys because they are useless in the old interpersonal relations department?

I must admit I am not a scientist – too irrational and intuitive by far for such a socially insensitive occupation. Nor am I a warrior, oblivious to the risks of battle because I am so chromosomally charged up.

But I am a great television viewer and the last few nights' viewing have taught me an enormous amount about masculine behaviour that has very little to do with genes.

A programme about Dr Benjamin Spock revealed that the man who told a generation of American parents to show affection to their sons couldn't actually show affection to his own progeny. Then I watched Peter Snow brawling with testosterone-challenging Professor (Ex) Skuse about his findings while Steve Jones, a man so cool and sensible that it was almost possible to forget that he is himself a geneticist, said that one couldn't really talk in this way about genes. Is Jones so chromosomally challenged and lovelorn that he is in fact a woman, I wondered.

Then to put myself out of my misery I watched a programme

finding has been taken in itself worrying. As the world becomes more recognisably "unnatural" the more we cling onto what appear to be natural explanations.

Certain genetic information

is important but why is it so suddenly elevated? Some basic observation of the way the world runs would have revealed as much about male and female behaviour as studying their inwards. What is the missing link between nature and society? I think it's called society.

If you are looking for signs of

"feminine intuition" you will

probably find them. No one in

their right mind studies "male

intuition". If you accept that a

lot of what makes up this rather

vague sixth sense is an ability to

decode and decipher non-verbal

signals, then there are a million

anecdotes you could tell.

Men have a striking inability to

notice what is really going on.

This gives them the ability to sit

with their feet up while women

frantically rush around tidying

up after them. Their lack of

the H chromosome (that which

confers the ability to recognise

housework) means that they

simply cannot interpret the

non-verbal signals the women

send up to them such as "Get

out of the way, you lazy git".

Another way of looking at

this is that those without power

are always better at interpreting

body language and non-ver-

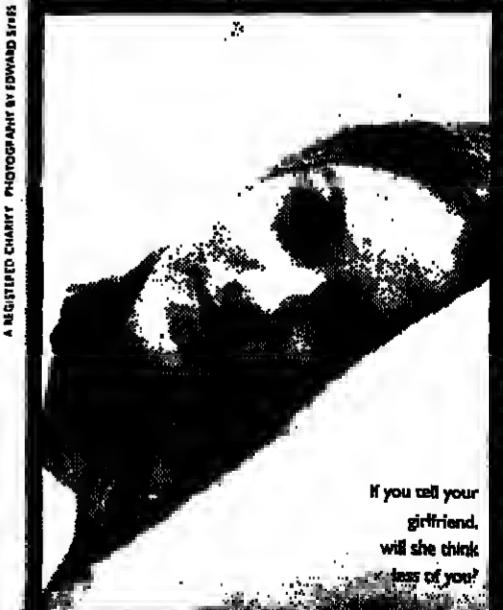
bal communication than those with it. In evolutionary terms we depend upon it for our very survival. The more important the person, the less personal information he or she discloses. If you are late you make many excuses and use body language to your boss which reveals much about you. If the boss is late he or she doesn't have to say or do a thing.

This also explains the annoying habit that women have of always apologising, whereas men tend to make statements.

Incidentally it explains the massive sales of books which translate male and female modes to each other as though they were separate species.

Boys apparently need a more structured social education than girls. They also need to learn their behaviour from girls rather than from other boys. Bang goes all that mentor/male role model/fatherhood stuff then. Does it? Don't ask me, mate, my interpretation of the social clues leads me to suspect that between biology, psychology and destiny there is still hope for men. A cross between hormone replacement therapy, a little tinkering with their genes and a great deal of social evolution will make them socially acceptable. Not to women, obviously, but to other men, mice and the odd research scientist at least.

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## Moving away from the lynch mob



**P**atricia Wynn Davies  
Shocking crimes by a handful of children have been exploited to show how hard we are becoming on law and order

**A**fter the "law and order" hype from politicians and the "life must mean life" petitions from Sun readers, a group of quiet men in suits has finally restored a sense of rational judgement and civilisation to the criminal justice system. Up to a point, at any rate.

A three-to-two majority of the highest court in the land (in suits because law lords are above the paraphernalia of wigs and gowns) has emphasised something that should be obvious: children – even those who commit the heinous crime of murder, and even the two boys who took away the life of James Bulger – are different from adults.

It was certainly obvious enough to the drafters of the UN Minimum Standards on the Administration of Juvenile Justice. These enshrine three principles: that children and young people should be treated differently from adults; that they should be punished less severely; and that the primary purpose of action taken in relation to them should be rehabilitation. In 1908, the Child Act abolished the death sentence for children long before it was swept away for adults, and the 1933 Children and Young Persons Act makes it clear that a child cannot be sentenced to a mandatory life sentence.

Whatever Sun readers might like to think, life has rarely meant life. But what grew into the system of "tariffs" – the minimum periods to be served to satisfy retribution and deterrence, and still enabling continued detention where the offender poses a risk – is widely misunderstood by the public. A 1983 parliamentary statement by the then Conservative Home Secretary, Leon Brittan, set out a clear distinction between the penal or tariff element of a life sentence, for which the advice of the judiciary would be sought, and the risk element, for which it would not. But another distinction, that juveniles were supposed to be treated more flexibly and less punitively than adults, began to be eroded.

The European Court of Human Rights at Strasbourg has since ruled that the release date of adult discretionary lifers – those serving life terms other than for murder – and of children detained during Her Majesty's Pleasure for serious offences, cannot be left in the hands of a politician but must be decided by a "court-like" body such as the Parole Board, once the "penal" element has been served.

Declaring the setting of fixed penal tariffs by Home Secretaries illegal in children's

cases – as two High Court judges did in the first leg of the Thompson and Venables challenge – would have been the next logical step and the one which many observers believe that the human rights court will eventually insist upon. But in spite of the fact that Parliament has never given its express authority for the policy in a statute, the law lords have only moved so far in that direction.

Three of the five hearing the case have censored the former Home Secretary for applying the tariff policy too rigidly and inflexibly and have made it clear that future Home Secretaries must reconsider their provisional decisions from time to time, but have avoided tackling the fundamental question of whether Home Secretaries should have any role at all in the sentencing of child offenders for serious crimes.

The ruling does not stop the imposition of a 15-year – or longer – provisional tariff in the future, as long as it is clear that the minister is prepared to recognise that a child's development might call for a rethink. And while the judges have bucked the punitive trend by emphasising that the welfare of the child is an important factor, there has been no full-scale return to the concept of "juvenile justice".

As it is, we are left with a system with an unhealthy preoccupation with highly public trials that could have been designed to whip up prejudice and misunderstanding, but which are ill-suited, as the Bulger case so graphically showed, to finding out the truth.

# business & city

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## New inflation target eases rates pressure

**Diane Coyle**  
Economics Editor

The new inflation target announced by Gordon Brown, Chancellor of the Exchequer, in his first Mansion House speech last night was seen as reducing the pressure for further interest rate increases this summer.

The Chancellor set a new target for inflation of 2.5 per cent, and said the Governor of the Bank of England would have to send an open letter of explanation whenever inflation rose above 3.5 per cent or fell below 1.5 per cent. "I have tightened up the framework. I have made it more rigorous and I have made it more open," he said yesterday.

However, most City economists thought the new target was not as tough as the previous "2.5 per cent or less".

"It is a slight dilution of the existing position. I'm a bit disappointed," said Geoffrey Dicks, chief UK economist at NatWest Markets.

"The Bank of England used to see 2.5 per cent as an upper limit and were aiming for something less. This is a looser target," said Jonathan Loynes at HSBC Markets.

He welcomed this, however, saying: "There was a need for a check on an independent Bank of England to prevent it from overkill on interest rates."

Eddie George, Governor of the Bank of England, warmly greeted the new remit set by the Chancellor and his decision to give the Bank its independence to set interest rates. He said it demonstrated as clearly as anything could Mr Brown's commitment to stability and long-termism in the British economy.

The Governor indicated that the Bank was pleased to have

a range of variability in inflation before it would need to formally account to the Chancellor for missing the 2.5 per cent target.

"I welcome the Chancellor's detailed reformulation of our marching orders, which acknowledges the volatility of the real world," he said.

The speeches came as new figures yesterday showed that the target measure of inflation, which excludes mortgage interest payments, had remained at 2.5 per cent for the second month running in May. This was only the second month

moves away from the target by more than one percentage point in either direction I shall expect you to send an open letter to me."

The letter would explain why inflation was off course, what the Bank proposed to do about it and how long it expected it to take before inflation returned to target. If inflation was outside the one point bounds for more than three months, the Bank would have to send a second letter.

In his Mansion House speech, Mr Brown said the figure for the inflation target would be restated in every Budget.

"Instead of the old procedures that were ad hoc, personalised, and could not last credibly for the long term, this government has set in place clear rules, divisions of responsibility and a target supported by tight procedures for monitoring whether it is delivered," he said.

But Shadow Chancellor Kenneth Clarke was scathing about the details of the arrangements announced in the House of Commons yesterday afternoon. He asked: "How can you deny that you are loosening the inflation target by moving from 2.5 per cent or less to 2.5 per cent?"

These are loosening the criteria for controlling inflation that the Bank previously had," Mr Clarke said.

Mr Brown reaffirmed in the speech his intention to be tough on fiscal policy too, with the Government borrowing only enough to finance public investment over the cycle.

City analysts' reactions to the new shape of the inflation target ranged from subdued to slightly disappointed. David Mackie at JP Morgan said: "In

I welcome the Chancellor's detailed reformulation of our marching orders  
**Eddie George**

that the old inflation target had been hit since the end of 1994.

The headline inflation rate

rose from 2.4 per cent to 2.6 per cent last month, raised by housing costs and a jump in seasonal food prices during the month.

The figures were slightly worse than the City had expected but nevertheless mean the new regime starts out from an excellent base.

In a letter sent to Mr George explaining the new system of open letters, Mr Brown wrote:

"The actual inflation rate will on occasions depart from its target as a result of shocks and disturbances ... But if inflation

practice I don't think it will make much difference because the Bank is not going to be comfortable in the upper part of that 1.5 to 3.5 per cent range."

But Simon Briscoe at Nikko Europa said: "The apparently strict monetary policy regime that was unveiled a month ago

is now being diluted."

In his speech to the City's finest at the annual Mansion House dinner last night, Mr George was somewhat more cautious about the Chancellor's move to take away the Bank's responsibility for banking supervision and give it to the

new and enlarged Securities and Investments Board.

There were potential disadvantages in a super-regulator, the Governor said, and the outcome would depend on the way regulation was actually managed within the new structure.



Thinking ahead: Gordon Brown said in his Mansion House speech last night that the figure for the inflation target would be restated in every Budget

## OECD calls for a tough July Budget

**Diane Coyle**

The Government was yesterday urged to introduce a tough Budget by the influential Organisation for Economic Co-operation and Development (OECD). It said government borrowing was still too high after six years of economic recovery, even though it had been improving.

In an unusually hard-hitting mid-year report on member economies, the think-tank also said European monetary union should not be delayed simply because some countries would just miss the 3 per cent of GDP ceiling on government borrowing. It predicted Germany, France and Italy would exceed the limit, while the UK, Spain and Portugal would creep within it.

But even on existing plans, the UK will be one of the few EU countries to meet the single currency target of a deficit-to-GDP ratio below 3 per cent this year. Spain is the only other big economy likely to meet this.

Although its economists have revised down the expected deficit ratios in France and Germany, it still sees them just missing the ceiling. It warned against the probable calls for a delay to the single currency.

"Whatever happens to the recovery during the next six months, fiscal policy should not focus excessively on the outcome for 1997," the report said. It argued that the reason key countries will miss the target is the slowness of their business cycle recovery, whereas the weaker economic recoveries in continental Europe and Japan.

The organisation, which has lavished praise on the UK economy in recent reports, said jobs market reform was an urgent priority in France and Germany. It is forecasting a sharp fall in UK unemployment but rising jobless rates in the big continental countries.

The OECD said economic prospects for its members generally were the best for a decade. For Britain it foresees strong growth and a favourable inflation outlook.

The political constraints which have prevented the introduction of broader reform programmes need to be overcome if progress is to be made on durably reducing unemployment and raising employment," it said.

It added that Italy would need to undertake wide-ranging pensions and welfare reform if it wanted to prevent the government budget deficit widening again in 1998.

The rosiest outlook contained in yesterday's report was the forecast for the US. The OECD has revised up its forecast for US growth to 3.6 per cent this year and puts unemployment at 5 per cent. However, it foresees little danger of inflation and only a modest increase in interest rates.

## More NU shares for members

**Nic Cicutti**  
Personal Finance Editor

Norwich Union, the UK mutual insurer set to float on the Stock Exchange on Monday, said yesterday it would be clawing back £40m of shares from institutions and selling them to its 3 million members. The company's move follows strong demand from members, who had originally been allocated £200m worth of shares, with the rest going to institutions.

Norwich Union's clawback means the public offer to institutions, non-members and the company's own staff, originally expected to be more than £1.5bn, will be scaled down to a maximum of £1.2bn.

Members of Norwich Union, including with-profits and unit-linked policyholders, will receive almost 1.3 billion free shares from the flotation. They are also entitled to apply for between £400 and £100,000 worth of shares each at a 25p discount.

The company said recently that if demand were heavy, excessively high applications would be scaled down. A Norwich Union spokeswoman said yesterday that details of the number of applicants and allocation rates would not be disclosed until Sunday.

Norwich Union's conversion to a quoted company on Monday comes 18 months after it ad-

mitted it was considering a stock market flotation. The float reflects a reorganisation in the insurance sector in the past two years which has seen the merger of Royal Insurance and Sun Alliance, the acquisition of Scottish Amicable by Prudential and a wave of smaller takeovers and mergers.

Heavy demand for the shares comes as analysts said their value was likely to be significantly above the range of 240p to 290p suggested as the flotation price by Norwich Union.

A report by Trevor May and Andrew Pitt, insurance analysts at Salomon Brothers, suggested the company's share price was more likely to be in the range of 320p and 340p.

"It is possible that the post-flotation price could overshoot. The valuation does not look excessively stretched up to a price of 380p," the report said. If so, the discount to members would be worth about 6 per cent a share.

Salomon's top estimates would value Norwich Union at more than £6.5bn, more than 20 per cent of the share value of the UK life assurance sector.

The share prices of Legal & General and Prudential have run ahead strongly in recent months, partly due to the anticipated stock shortage, given that some 75 to 80 per cent of Norwich Union shares will be held by members.

British Aerospace is pressing the President of the Board of Trade, Margaret Beckett, to take a tough line when ministers from the four Airbus partners meet in Paris next week to discuss progress towards turning the aircraft consortium into a commercial company.

Mrs Beckett was yesterday briefed at the DTI's headquarters by Sir Dick Evans, BAe's chief executive, and Michael Turner, head of its commercial aircraft division, ahead of the crucial meeting at the Paris airshow on Monday.

The election of a left wing French government under Lionel Jospin has raised fears that the views of its Airbus partner, Aerospatiale, may be given greater weight in decisions about the consortium's future.

Yves Michot, the Aerospace chairman, has been making increasingly dubious noises about the prospects of turning Airbus into a player by 1999. Last month he said that if BAe and the German partner, Daimler Aerospace, teamed up to take control of the French defence electronics group Thomson-CSF then it would signal the "death warrant" for Airbus.

More recently he has suggested that Aerospatiale and its partners have agreed the outline of a deal to merge their civil and

military interests into a single grouping but one which would not have an asset base but operate as a marketing organisation.

BAe will want Mrs Beckett to seek reassurance that Airbus remains on track to become a fully commercial entity in 1999 with its own asset base, management structure and power to purchase components from whichever supplier is the most competitive.

One of the most contentious issues to resolve will be the valuation of the respective assets the four partners contribute to the new commercial Airbus.

The Paris meeting is also likely to review the request from Airbus for funding to develop a stretched version of the A340 long-range jet. BAe has put in a submission for launch aid of about £130m-£160m.

The Airbus partners are also close to deciding which engine supplier to select for the project. Rolls-Royce is vying to be sole supplier with a version of its Trent engine in competition with the US manufacturer Pratt and Whitney.

Mrs Beckett will be at Rolls-Royce engine factory today when the company officially announces that it has been selected as part of the International Aero Engines consortium to supply engines for the \$1bn fleet of 20 Airbus A320s and A321s ordered by British Midland.

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Hydro looks at buying supply business

The Scottish power group, Hydro-Electric, disclosed yesterday it would be interested in buying an electricity supply business in England and Wales in readiness for the opening up of the domestic electricity market to full competition next April.

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## BAe urges tough line on Airbus

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## Battle backs RECs timetable

**Michael Harrison**

John Battle, the Energy Minister, yesterday took over direct responsibility for ensuring that the liberalisation of the domestic electricity market begins on time next April.

In a report last month Professor Littlechild conceded that only three of the regional suppliers would definitely be ready to open up their markets to competition next April. The rest of the industry faces an uphill struggle getting the computer systems ready that will allow 19 million consumers to choose their supplier.

Even those suppliers who

will be ready to begin testing their systems by the end of this year believe it will be well into 1999 before the whole country is able to shop around.

Mr Battle conceded that the computer system needed to enable all the suppliers to communicate with one another, the electricity pool and new entrants amounted to "the most sophisticated ever introduced in the western world". But he added: "I don't think we will be defeated by Deep Blue."

The minister refused to be drawn on what sort of price cuts he would expect to see once

competition was established but he said that even marginal reductions would be worthwhile.

Professor Littlechild said consumers should not expect to see the same level of price reductions that have accompanied the opening up of the domestic gas market, where rival suppliers have undercut British Gas by up to 20 per cent.

Industry estimates point to an initial fall of perhaps 5 per cent but cheaper coal supply contracts could result in a doubling of the overall reduction.

**Comment**, page 25

would be due to the signing of cogenerated coal contracts and the introduction of more efficient generating plant.

Although Hydro aimed to be ready for the launch of competition in April next year, Mr Young said it would probably take until 1

D calls  
tough  
Budget



## COMMENT

Whatever the good theoretical grounds for setting the Bank a target that prevents it doing too much on interest rates as well as doing too little, it could have waited'

## Flash Gordon should not have moved the target

**F**lash Gordon seems to be losing some of his superhuman powers. The pace of action continues unabated, but the Chancellor's latest initiative has left them less than wowed in the aisles. To say that the City reacted badly to Mr Brown's Mansion House speech would be overstating it, but, unlike his whirlwind of activity to date, the new inflation regime was greeted with as little enthusiasm as his lounge suit among all the dicky bows and dress wear of the Lord Mayor's dinner last night. Indeed Mr Brown's remarks were widely seen as a watering down of the previous Government's inflation target.

Is this a fair assessment of the new inflation objective and even if it is, does it really matter? The answer to the first question is clearly yes, the answer to the second, rather more debatable.

To set an inflation target of 2.5 per cent but only call the newly independent Bank of England to account if it exceeds 3.5 per cent obviously demands a less onerous monetary policy than if the target is strictly 2.5 per cent or less. The old regime would have required the Bank to err more on the side of caution than does the new one. Indeed the new one gives the Bank a positive incentive to be less than cautious since it will also be called to account should policy cause inflation to fall below 1.5 per cent.

Aiming for 2.5 per cent but able to range up to 3.5 per cent is not quite as tough as keeping inflation at 2.5 per cent or below.

The reaction was not over-dramatic, but

short sterling prices indicated the markets now expect one fewer rise in interest rates during the next 12 months.

Thankfully, the City isn't yet the only judge of these things, and in fact Mr Brown can claim some justification for the change. One of the things he wants to do is reassure critics that his move to give the Bank of England operational independence will not allow the inflation hawks in Threadneedle Street to keep the economy permanently depressed in pursuit of ever-lower inflation.

The Treasury's spin doctors claimed yesterday that inflation will actually turn out lower under the new regime because the Bank is now free to act of its own accord, even though its remit appears a little looser. Plainly there's something in this. The old target might have been rougher but Ken Clarke didn't really want to hit it and allowed policy to drift accordingly.

In practice, the Bank is in any case unlikely to sit idly by if target inflation does reach 3 per cent and is still climbing. Although the new inflation target is symmetric, the Bank's own preferences are not. It will lean towards the lower figure.

Even so, it is hard to imagine the Bank finding it as easy to increase interest rates again this year as it would have under the old regime. Its current forecast shows inflation at about 3 per cent in early 1999. With growth still romping away, a "2.5 per cent or less" target for inflation would require at least one base rate increase and more likely

two. Even a Chancellor as relaxed as Mr Clarke would have had to bow to the inevitable. But imagine the fuss from the Bank's critics if it goes ahead now when its own forecast shows no sign of reaching the new upper limit for the next two years.

Mr Brown's new target is a bit of a disappointment. He has tried to find a clever compromise that will satisfy both those who welcome Bank of England independence and a tough inflation regime, and the lobby that reckons the Bank is over-hawkish and ignores the needs of industry and employment.

But the Chancellor should have left the newly independent Bank with the old inflation target, and trusted Eddie George and his committee not to overdo its zealously. After all, a majority on the committee will soon be Brown appointees.

To establish credibility as a low-inflation economy, Britain does need a prolonged stretch at 2.5 per cent or less. Whatever the good theoretical grounds for setting the Bank a target that prevents it doing too much on interest rates as well as doing too little, it could have waited. Since he plainly has not delivered on his promise to be "at least as tough" as his predecessor, Tim Eggar, there is at least a chance that where the actual inflation target, the Chancellor has been in too much of a rush to change it.

No wonder long bond yields are still so much higher than those of Germany, despite the well-justified dive they took when Mr Brown announced the Bank's new opera-

tional independence. No one quite believes in the British economic miracle yet. Mr Brown has given the sceptics an excuse for saying: "Told you so."

### Battle faces an uphill struggle

Perhaps the past eighteen years have dulled the senses but when did you ever again expect to hear a minister take responsibility for something? Anything?

Michael Howard turned denial into an art form and in the process spawned a generation of politicians for whom the concepts of power and blame were mutually exclusive.

So it is something of a shock to hear the Energy Minister, John Battle, state unequivocally that the buck will stop with him if the opening up of the domestic electricity market fails to start on time next April. Up until now the whipping boy has been Professor Stephen Littlechild.

Taking responsibility is one thing, making it happen is quite another. With a minister now in charge as opposed to sniping from the sidelines as did his predecessor, Tim Eggar, there is at least a chance that where there is a political will, there will prove to be a practical way.

But the obstacles remain daunting. On present assumptions, only three of the 14 electricity suppliers will be ready to take part in a competitive market from 1 April and

there are plenty who believe consumers in some parts of the country will still be waiting to choose who they buy their juice from well into 1999.

Then there is the question of cost, which will remain a bone of contention between Professor Littlechild and the RECs for some while yet. The RECs will not be allowed to pass on the full £250m they say it will cost to get the computer systems up and running, but can it be done for the £380m that the Professor has agreed to?

Finally there is the not entirely irrelevant question of what the point of the whole exercise is in the first place. Every extra pound spent on getting ready for 1998 makes the case for liberalising the market yet more marginal on economic grounds when at best we are looking at initial price reductions of 5 per cent. It will surely take deeper cuts than that to overcome the inertia factor.

Mr Battle presumably knows this but he is fighting the war for liberalisation of the energy markets on a wider front. Labour is committed to opening up Europe in this area so its ability to make a success of things on home turf takes on added importance.

That gives him a real incentive to succeed. The other stimulus might be the memory of the last Conservative politician to resign because of a failure of policy - Lord Carrington, who quit as Foreign Secretary over the Falklands invasion. We will have to wait and see whether 1998 becomes Mr Battle's personal Belgrano.

## Soros fund manager in bid for Plantation

Tom Stevenson  
Financial Editor

George Soros, Rupert Pennant-Rea and the Rwandan civil war were bizarrely thrown together yesterday by a boardroom coup at an obscure London-quoted plantation company.

Nick Roditi, the secretive and highly paid manager of a £900m fund for Mr Soros, yesterday requisitioned an extraordinary meeting at Plantation & General in a bid to unseat its chairman Konrad Legg and replace him with Mr Pennant-Rea, the former deputy governor of the Bank of England.

Rupert Pennant-Rea: Has been proposed as chairman

install Mr Pennant-Rea on the board. Neither Mr Roditi nor Mr Pennant-Rea was available for comment yesterday.

Mr Roditi, the publicity shy investment manager who operates from an unremarkable office above the Body Shop on Hampstead High Street, is estimated to have earned £50m last year from his management of George Soros' Quantum Quota fund. He delivered a return of 160 per cent to investors, increasing the value of the fund from £350m to £900m.

The apparent bid to take control of Plantation & General marks a change of strategy for Mr Roditi, who usually buys minority holdings in small companies on behalf of Mr Soros, the financier who became almost a household name after reportedly making £600m from sterling's ejection from the exchange rate mechanism.

Mr Roditi has already tried and failed once to pull off a recommended bid for Plantation & General, a London-based holding company with interests in tea estates in Sri Lanka, Tanzania, Zimbabwe and Malawi, together with coffee, sisal and rubber plantations. It also owns several small agricultural hand tool companies.

Mr Legg, who has run the company for 20 years, said yesterday: "The communication received from Mr Roditi does not contain any reason or indication why the appointment of two individuals with no apparent previous experience managing a plantations group is a better course of action for the company."

Last week, the company announced a collapse in profits from £5.4m to £300,000 and a reorganisation of why Mr Roditi, who owns 29 per cent of Plantation & General, wanted to



Firm commitment: Niall FitzGerald said continuing the former government's "wait and see" policy would be disastrous

Diane Coyle  
Economics Editor

One of the leading business supporters of UK membership of the European single currency called yesterday for monetary union to be phased in, with countries joining as soon as they could achieve enough economic convergence.

Niall FitzGerald, chairman of Unilever, said it would be better to delay the project than go ahead with a fudge in order to meet the 1 January 1999 deadline. But he urged the Government to commit Britain to joining later on a firm timetable.

"A pragmatic British voice with credibility and authority restored through its clear commitment to the success of EMU is now essential in the crucial months ahead," Mr FitzGerald said in a speech at the London School of Economics last night, joining the chorus of voices

calling on Tony Blair to take a lead in Europe.

Continuing the former government's "wait and see" policy would be disastrous, Mr FitzGerald argued. Britain would lose an opportunity to shape the single currency to its own interests.

Mr FitzGerald also said Labour ministers should push for the completion of the single market and for an EU-wide commitment to jobs flexibility. Improved social stan-

dards should be based on making people more employable rather than new workplace regulations.

The Unilever chairman did not waver from his view that EMU was the natural extension of the single market and would boost investment, growth and jobs. However, he insisted these benefits would only arise if the single currency was based on genuine economic convergence.

This was not a matter of whether or not they were 0.1 percentage points over the Maastricht ceiling on the ratio of government deficits to GDP. Rather, it meant sustainable reductions in budget deficits and labour market flexibility.

"If the euro is set up on the wrong basis, the single currency could be blown apart within a few years. That would carry very great costs," he said, criticising those pressing for a broad but fudged membership.

Mr FitzGerald said an initial core group should go ahead, joined by others in a phased first wave as they met the criteria.

Although Britain would meet the government deficit and debt criteria in time to join the first wave, the more advanced state of the economic cycle in the UK would justify delaying entry. "In these circumstances I believe we should give an unequivocal commitment to go in at a later stage, on a clear timetable," Mr FitzGerald said.

## Labour urged to set firm EMU timetable

## Fuller provides for £500,000 losses in fraud

Magnus Grimond

Fuller Smith & Turner, the west London brewer, may have lost up to £500,000 in a wide-scale fraud also involving an Asian bank, an embassy and two charities. Anthony Fuller, chairman of Fuller's, revealed yesterday that the group had made an exceptional provision of £500,000 for the full cost of "certain leasing contracts entered into in the last 18 months which appear to consist of little substance and/or inflated values".

Mr Fuller said the problem had come to light recently, but would not give further details because of civil actions pending. Fuller is understood to be ready to defend a writ it has received from one of its leasing companies in connection with the dispute and is making a complaint to the industry's trade body, the Finance and Leasing Association.

It may also make representations to the Office of Fair

Trading, which investigated the leasing industry in 1994.

News of the provision accompanied Fuller's results for the year to 29 March, which showed pre-tax profits growing 3.5 per cent to £1m. Excluding exceptional items, profits were

exceptional, profits were 7.7 per cent ahead, on turnover up 12 per cent to £102m, the first time sales have broken through the £100m barrier.

Dividends for the year on the A and C shares will rise 9 per cent to 10.03p after a 6.95p interim and interim payable on 1 July to beat any changes to advance corporation tax the Chancellor, Gordon Brown, may announce in the following day's Budget.

However, Mr Fuller said he hoped the new Government would address the problem of differential duties with France, which has led to a flood of imports across the Channel.

The company announced it

would be nearly doubling its advertising spend on its leading London Pride beer brand from £566,000 to over £1m this year.

## BT may take charges dispute to MMC

Michael Harrison

British Telecom warned yesterday that it may go to the Monopolies and Mergers Commission (MMC) to resolve a dispute with its regulator, Ofcom, over the amount it can charge for access to its network.

Don Cruickshank, the director general of Telecommunications, is proposing that the interconnection charges, which earn BT £300m a year in revenue, should be cut by 10-20 per cent from October and subject to a price cap of RPI minus 6-12 per cent for the following three years.

BT said it welcomed the proposal to bring all network charges into one framework with an overall price cap but said it had "major concerns" over the level of charges proposed by the regulator. Mr Cruickshank is due to publish his final proposals in the middle of next month.

Ian Morfitt, BT's director of strategy and business management, said: "If Ofcom comes out at the extreme end of the range, it is an issue that is important

enough for us to consider going to the MMC."

BT believes there is no case for any one-off cut in interconnection charges and says future increases should be in the range of RPI minus 3-6 per cent.

Although the charging regime will apply also to BT's competitors such as Cable & Wireless Communications, Energis and other cable companies, BT will be most affected because

the bulk of interconnections are made on to its network. The interconnection charge makes up about a quarter of the cost of telephone calls routed from one network to another.

Mr Morfitt said that the charging formula proposed by Mr Cruickshank would reduce profits in the first year by at least £30m but the figure could be as high as £40m depending on how much it was

tightened. This compares with the £1.7bn that BT invests each year in its network.

BT said that if the connection charges were set too high it would deter investment in the network by all telecom operators because they would not be able to earn an adequate rate of return. "This is not a black and white issue, nor is it BT versus the rest," said Mr Morfitt. "We will be interested to hear

## Oftel pulls the plug on Internet plans

British Telecom's interim proposals to wire up schools to the information superhighway over the coming weeks were yesterday overturned by the industry watchdog, Oftel, over fears that

Mr Cruickshank added: "An awful lot of companies out there want to make a contribution here. BT must provide open access to other providers."

He also hit out at BT's decision to cut back on its Internet services. "It is not good for the industry to have a monopoly provider," said Mr Cruickshank. "It is not good for the industry to have a single provider who is not willing to compete with other providers."

Peter Bonfield (BT's chief executive) in December, January, February and March asking for the proposals." Mr Cruickshank indicated that the delay made it unlikely that schools would have the technology in place in time for the start of the new school year in September.

A spokeswoman for BT said the company was "very disappointed" that its interim plans had not met with Oftel's approval. She added that BT's long-term proposals - which would give all providers open access - would not be ready until after an industry consultation. These proposals would offer packages of Internet and e-mail access at various prices which would compete with cable companies, BT said.

The Government had originally proposed that BT would get an early end to the ban on broadcasting entertainment to schools up to the superhighway. However, Oftel recently said that BT should connect schools to the Internet regardless of whether it was permitted to become a broadcaster.

# business

## Johnson Matthey dispels all fears

### THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

**J**ohnson Matthey, the precious metals to pharmaceuticals group, has seen its shares underperform the market by more than a third over the past year as analysts have stumbled over each other to downgrade forecasts. Every worry under the sun has hit the group, from the rising pound to falling computer memory chip prices.

But results in line with expectations, along with news of what looks an exciting deal to exchange know-how in chip technology with Kyocera of Japan, were enough yesterday to dispel all those fears, sending the shares soaring 61.5p to 523p.

Pre-tax profits edged up 6 per cent to £108m in the year to March. Although the figures looked pedestrian, all the pain was concentrated in the Cookson Matthey Ceramics joint venture. This operation set a cracking pace in the first two of its three-year life so far, but the stagnant state of the German construction industry tripped it up last year, cutting profit by 36 per cent to £15.3m.

Demand for zircon, used in making tiles sold into the German market, has dried up with demand and it remains to be seen whether the joint venture's moves to retrench will be enough to turn the corner this year.

But there was plenty of good news elsewhere. Determined management action seems to have ensured that the catalytic systems division, making converters for car exhausts, has fully recovered from the loss of a big General Motors contract in early 1995. Volumes up 9 per cent last year ran ahead of the general auto markets on both sides of the Atlantic and profits leapt 30 per cent to £34.1m.

Even the original precious metals operation, from platinum refining to chemicals, did well, raising profits 4 per cent to £44m, despite lower metals prices. But the real excitement lies in electronics, which shrugged aside the first fall in the market for at least five years to grow profits by 21 per cent to £30.9m. With analysts expecting last year's 10 per cent drop in demand to reverse into 10 growth this year and 15 per cent next, JM should be well placed.

Even more so after the Kyocera licensing deal, which means the Japanese company will help JM meet the huge demands for its "plastic land grid arrays" – the leading-edge technology for encasing microprocessors. Further out, Kyocera will give the British group access to the next generation of chips, which will be bonded directly to the circuit board. The build-up of production in the group's new \$100m US plant could hit margins in the short run, but

that should be meeting the group's 20 per cent return on assets target within 18 months. In the meantime, group profits of £119m this year would put the shares on a forward multiple of 13. Good value.

### LucasVarity steps up a gear

**D**espite a good set of numbers, LucasVarity, the Anglo-American automotive engineer, wasn't giving much away to the press about its first-quarter results yesterday. While analysts got a detailed conference call on the first figures in the merged group's inaugural year, neither Victor Rice, chief executive nor Neil Arnold, finance director, were talking to journalists.

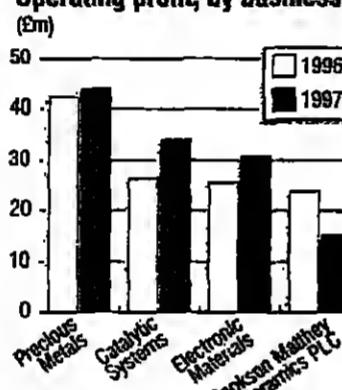
Given the level of scepticism about the takeover of Lucas by Varity last September – reinforced by a 25 per cent underperformance in the shares – some sensitivity looks justified. But a more rational explanation lies in its decision to opt for a quarterly reporting policy.

**J**ohnson Matthey: At a glance

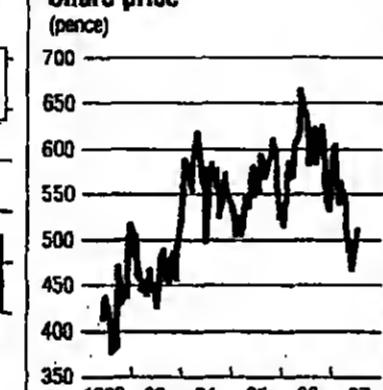
Market value: £1.13bn, share price 523p

Five-Year record	1993	1994	1995	1996	1997
Turnover (£bn)	1.65	1.96	2.18	2.53	2.42
Pre-tax profits (£m)	73.8	65.3	95.4	102	108
Earnings per share (p)	26.5	23.1	32.9	34.4	36.5
Dividends per share (p)	10.1	11.2	13.3	14.5	15.5

### Operating profit, by business (£m)



### Share price (pence)



also looking good – contributing £40m to £1.21bn sales, ahead 9 per cent even after a £50m hit from sterling.

Against this, Lucas is battling against sterling and difficult markets. The US automotive market is flat and the French car market could crash 15 per cent this year, but the aerospace and diesel sectors are picking up. Shares in the group rose 7p to 211p. On 14 times, buy for recovery.

This corresponds to Lucas's old fourth quarter, which has traditionally been the subject of "window dressing" to improve the look of the figures for the year as a whole. By the same token, last year's weak third quarter at £54m should generate a warm glow when LucasVarity reports much stronger 1997 third quarter numbers. Analysts are looking for an 80 per cent rise to £97m.

A better indication will be given by results for the year as a whole, while Hoare Govett believes will show profits of £326m for 1997, a 23 per cent gain. The group is confident it will hit its £120m cost reduction target – analysis reckons the group saved £5m last quarter – and reduce working capital by £140m over two years. The £100m disposal programme should also be complete by the year end. Margins are already responding, up 0.2 percentage points to 7.1 per cent. Acquisitions are

The fruits of the resulting acquisitions last year, principally the £182m purchase of the Hawker Siddeley electrical power operations in November, have yet to be fully reflected in the results. Yesterday's figures showed pre-tax profits in the year to March rising 24 per cent to £112m before £2.5m of exceptional charges relating to rationalisation at Hawker and the costs of the Newman bid. Acquisitions chipped in £1.5m, but there should be more to come. FKI believe there could be £15m to £18m extra profits from Hawker alone over the next few years.

Further deals are on the cards. Mr Beeston, chief executive, said they could spend up to £150m this year, but were in no hurry. FKI's firepower will be enhanced if it carries through the sale of the automotive division, which analysts reckon could be worth £120m. Meantime, there should be plenty more organic growth to go for. Group sales have burst through the £1bn barrier and orders are running at an annualised rate of £1.2bn. The target is to raise the proportion of the group's business in market-leading areas from 47 to nearer 55 per cent over the next three to five years.

So, with profits of £132m in prospect this year, the shares, up 4.5p to 179p, look good value on a forward p/e of 11, despite residual fears about the group's exposure to the US market.

### IN BRIEF

#### Eurodollar doubles profits

Eurodollar, the car hire company, announced more than doubled profits for the year to 31 March, and said that turnover in the domestic market, the cornerstone of its business, showed strong growth which was expected to continue. Profits before tax were £8.3m, up from £5.75m, and earnings per share leapt from 6.15p to 12.67p. The final dividend is being raised from 1p to 4.5p, lifting the total payout from 4.12p to 6.5p. Ian Moseley, chief executive, said: "Overall, the company continues to make significant progress, particularly in the UK corporate sector, where further volume gains will provide the impetus for improved profitability despite adverse vehicle holding cost factors."

#### Quintain nets £79m from Fiscal disposal

Quintain Estates & Development has agreed terms for the disposal of a proportion of the Fiscal Properties portfolio to Fieldmore Holdings, a private company controlled by overseas investors, for £79.5m cash. The properties being sold substantially comprise the original Fiscal portfolio which, together with Croydon Land & Estates, was acquired by Quintain in March for £77m. Quintain's offer for Fiscal valued the company at £60m, a discount of 10 per cent to its undiluted net asset value and the properties being sold had an open market value at that time of £78.5m.

#### CRT pays £17m for IT support group

CRT, the consultancy and training services group, is paying £17m for Software Design Associates, which provides information technology systems support aimed at retail, finance, telecommunications and utilities sector. The company has 231 employees in three locations, one in London and two in Birmingham. SDA had sales of £9m and made pre-tax profits of £1.2m in 1996.

#### Nobo recommends Acco offer

Nobo Group announced a recommended £25.6m, 140p per share offer for the company from Acco UK, a subsidiary of Fortune Brands of the US. Shares in Nobo, a office products group, traded at 125p before the announcement and closed at 138p. Acco has already acquired from Reg Barr and Peter Kene, the two founder non-executive directors of Nobo, some 3.17 million shares, equal to 17.9 per cent of the company's share capital. Irrevocable undertakings to accept the offer have also been received for a further 30.8 per cent of the company.

#### Alphameric returns to the black

Rodney Hornstein, chairman of Alphameric, said the computer software company would not pay a dividend for the year in 31 March 1997 because the directors wanted to devote resources towards maximising growth. Announcing a recovery from losses of £143,000 to taxable profits of £1.15m for 1996/97, he added: "It is however, our intention to return to the dividend list in the current financial year, subject to continuing satisfactory performance."

#### Company Results

	Turnover (£)	Pre-tax £	EPS	Dividend
AlphaMetric (F)	14.1m (11.2m)	1.12m (0.4m)	2.0p (0.3p)	n/a (n/a)
Babcock (F)	10.4m (11.1m)	1.6m (4.4m)	5.6p (3.5p)	0.7p (2.6p)
BP Amoco (F)	33.2m (28.7m)	-2.95m (2.92m)	15.0p (-)	4.8p (4.8p)
Daily Mail & General Trust (T) (54.9m) (47.7m)	65.5m (61.0m)	27.1p (22.3p)	7p (4.6p)	
Dawsons (F)	3.0m (8.8m)	0.62m (0.55m)	3.45p (3.15p)	0.85p (0.85p)
Endevco (F)	10.7m (8.2m)	8.25m (7.78m)	12.5p (5.15p)	4.5p (1.1p)
FU (F)	1.9m (87.4m)	2.95m (2.92m)	15.7p (6)	4.8p (4.8p)
Fuller Smith & Turner (F)	12.0m (11.4m)	3.71p (30.18p)	10.0p (9.22p)	
Gibraltar Whisky & Barrels (F) (5.0m) (31.5m)	15.5m (6.5m)	1.15p (1.65p)	1.25 (-)	
Hartstone Group (F)	19.8m (21.3m)	2.13m (0.84m)	-1.3p (0.32p)	0.25p (0.32p)
ITL (F)	68.6m (82.1m)	-8.5m (0.5m)	-20.6p (5.4p)	4.85p (4.85p)
Johnson Matthey (F)	2.6m (2.7m)	1.06m (1.02m)	3.6p (3.4p)	1.55p (14.5p)
LewisVarity (F)	28.1m (27.7m)	7.20m (6.20m)	3.2p (3.0p)	
Marsden (F)	43.8m (27.2m)	6.85m (6.05m)	17.3p (15.3p)	3.75p (3.52p)
Petrol (F)	61.0m (73.4m)	8.1m (10.3m)	13.3p (17.3p)	7.65p (15.6p)
Sequoia (F)	52.7m (52.6m)	6.5m (6.25m)	18p (17.7p)	7.2p (5.85p)
Scottish Hydro (F)	95.1m (88.7m)	25.9m (19.95m)	42.4p (38.7p)	17.64p (15.76p)
Marie Sheldan (F)	7.0m (7.0m)	0.45m (0.55m)	5.55p (3.63p)	1.35p (1)
St James Beach Holidays (F)	25.9m (22.6m)	3.9m (1.4m)	14.8p (14.4p)	5.75p (-)
Ten Holidays (F)	25.9m (22.6m)	1.56m (0.52m)	14.4p (2.3p)	3.65p (-)
(F) - Final (T) - Interim (Q) - Quarter				

## Inspirations shares lifted by bid talks

Nigel Cope  
City Correspondent

Inspirations was usually at their most robust at this time of year. The cash for summer holiday bookings has been banked while payments to hotels and other expenses have yet to be made in full. The timing of the deal would appear to suggest that Inspirations' finances are in a poorer state than previously thought.

The likely bidder is thought to be Carlson, the US travel group which manages the 97 travel agents owned by Inspirations. Carlson already owns the AT Mays travel agency chain and analysts said Carlson could use its financial clout to expand Inspirations operations.

Inspirations said the talks had been going on "for some time" with market sources giving three months as the timeframe. However, it said the offer was unlikely to be made above the market price, which closed a penny higher at 80p yesterday. The shares were as high as 90.5p earlier in the day.

Some City analysts said the bid price could be as low as 60p per share. They said June was an unusual time for a holiday company to consider a cut-price deal as the industry's

finances are usually at their most robust at this time of year. The cash for summer

holiday bookings has been banked while payments to hotels and other expenses have yet to be made in full. The timing of the deal would appear to suggest that Inspirations' finances are in a poorer state than previously thought.

Analysts said the proposed price of the deal would be a disappointment to shareholders. However, Bruce Jones of Merrill Lynch said Carlson could use its financial clout to expand Inspirations operations.

"Does Carlson want to challenge First Choice for the number one position in the market?" he asked.

The deal would value Inspirations at around £25m. It would provide a windfall for company's management, who own around 40 per cent of the shares. The largest individual shareholder is the company's founder and chief executive, Vic Fata, who owns 3.3 million shares in the company. These would be worth £2m at the current share price. Paul Jackson, the finance director, owns 2.7

million shares, which would be worth £1.6m.

Inspirations was founded by Mr Fata, who had also founded Sunned Holidays which was later re-named Redwing Holidays. It floated on the US market at 100p in 1993. After a period of drift they rose to a high of 150p last September but were devastated by two profits warnings in six weeks.

The first came in October when the company said peak-season flight delay could cost up to £10m. The problems arose at its Caledonian Airlines subsidiary, which left holidaymakers stranded at airports. The second came the following month when it said the cost could push it into a loss of £13m for the year compared with a profit of £7.7m the year before.

The company also passed on the dividend.

Inspirations is Britain's third largest quoted package holiday company, after Airtours and First Choice. In February it said its winter passenger volumes had increased by 12 per cent while the retail division was substantially ahead of the same period last year.

## Scapa chief attacks state of British manufacturing

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share  
I talks

Data Bank		
FTSE 100	4757.4	+32.6
FTSE 250	1545.2	+38.3
FTSE 350	2298.7	+16.4
SEAO Volume	876m shares	
SEAO Bargains	47751 bargains	
Gilt Index	98.32	+0.31

## Share spotlight



High	Low	Stock	Price	Chg.	% Chg.	Vol.	Yield	PER	Price/Profits
49	48	Alcohol Beverages	48.00	-0.20	-0.4%	1000000	2.2%	10.2	48.00/1.20
50	49	Alco	49.00	-0.10	-0.2%	1000000	2.2%	10.2	49.00/1.20
51	50	Alcon	50.00	-0.10	-0.2%	1000000	2.2%	10.2	50.00/1.20
52	51	Barratt	51.00	-0.10	-0.2%	1000000	2.2%	10.2	51.00/1.20
53	52	Bearings	52.00	-0.10	-0.2%	1000000	2.2%	10.2	52.00/1.20
54	53	Bentley	53.00	-0.10	-0.2%	1000000	2.2%	10.2	53.00/1.20
55	54	Bentley	54.00	-0.10	-0.2%	1000000	2.2%	10.2	54.00/1.20
56	55	Bentley	55.00	-0.10	-0.2%	1000000	2.2%	10.2	55.00/1.20
57	56	Bentley	56.00	-0.10	-0.2%	1000000	2.2%	10.2	56.00/1.20
58	57	Bentley	57.00	-0.10	-0.2%	1000000	2.2%	10.2	57.00/1.20
59	58	Bentley	58.00	-0.10	-0.2%	1000000	2.2%	10.2	58.00/1.20
60	59	Bentley	59.00	-0.10	-0.2%	1000000	2.2%	10.2	59.00/1.20
61	60	Bentley	60.00	-0.10	-0.2%	1000000	2.2%	10.2	60.00/1.20
62	61	Bentley	61.00	-0.10	-0.2%	1000000	2.2%	10.2	61.00/1.20
63	62	Bentley	62.00	-0.10	-0.2%	1000000	2.2%	10.2	62.00/1.20
64	63	Bentley	63.00	-0.10	-0.2%	1000000	2.2%	10.2	63.00/1.20
65	64	Bentley	64.00	-0.10	-0.2%	1000000	2.2%	10.2	64.00/1.20
66	65	Bentley	65.00	-0.10	-0.2%	1000000	2.2%	10.2	65.00/1.20
67	66	Bentley	66.00	-0.10	-0.2%	1000000	2.2%	10.2	66.00/1.20
68	67	Bentley	67.00	-0.10	-0.2%	1000000	2.2%	10.2	67.00/1.20
69	68	Bentley	68.00	-0.10	-0.2%	1000000	2.2%	10.2	68.00/1.20
70	69	Bentley	69.00	-0.10	-0.2%	1000000	2.2%	10.2	69.00/1.20
71	70	Bentley	70.00	-0.10	-0.2%	1000000	2.2%	10.2	70.00/1.20
72	71	Bentley	71.00	-0.10	-0.2%	1000000	2.2%	10.2	71.00/1.20
73	72	Bentley	72.00	-0.10	-0.2%	1000000	2.2%	10.2	72.00/1.20
74	73	Bentley	73.00	-0.10	-0.2%	1000000	2.2%	10.2	73.00/1.20
75	74	Bentley	74.00	-0.10	-0.2%	1000000	2.2%	10.2	74.00/1.20
76	75	Bentley	75.00	-0.10	-0.2%	1000000	2.2%	10.2	75.00/1.20
77	76	Bentley	76.00	-0.10	-0.2%	1000000	2.2%	10.2	76.00/1.20
78	77	Bentley	77.00	-0.10	-0.2%	1000000	2.2%	10.2	77.00/1.20
79	78	Bentley	78.00	-0.10	-0.2%	1000000	2.2%	10.2	78.00/1.20
80	79	Bentley	79.00	-0.10	-0.2%	1000000	2.2%	10.2	79.00/1.20
81	80	Bentley	80.00	-0.10	-0.2%	1000000	2.2%	10.2	80.00/1.20
82	81	Bentley	81.00	-0.10	-0.2%	1000000	2.2%	10.2	81.00/1.20
83	82	Bentley	82.00	-0.10	-0.2%	1000000	2.2%	10.2	82.00/1.20
84	83	Bentley	83.00	-0.10	-0.2%	1000000	2.2%	10.2	83.00/1.20
85	84	Bentley	84.00	-0.10	-0.2%	1000000	2.2%	10.2	84.00/1.20
86	85	Bentley	85.00	-0.10	-0.2%	1000000	2.2%	10.2	85.00/1.20
87	86	Bentley	86.00	-0.10	-0.2%	1000000	2.2%	10.2	86.00/1.20
88	87	Bentley	87.00	-0.10	-0.2%	1000000	2.2%	10.2	87.00/1.20
89	88	Bentley	88.00	-0.10	-0.2%	1000000	2.2%	10.2	88.00/1.20
90	89	Bentley	89.00	-0.10	-0.2%	1000000	2.2%	10.2	89.00/1.20
91	90	Bentley	90.00	-0.10	-0.2%	1000000	2.2%	10.2	90.00/1.20
92	91	Bentley	91.00	-0.10	-0.2%	1000000	2.2%	10.2	91.00/1.20
93	92	Bentley	92.00	-0.10	-0.2%	1000000	2.2%	10.2	92.00/1.20
94	93	Bentley	93.00	-0.10	-0.2%	1000000	2.2%	10.2	93.00/1.20
95	94	Bentley	94.00	-0.10	-0.2%	1000000	2.2%	10.2	94.00/1.20
96	95	Bentley	95.00	-0.10	-0.2%	1000000	2.2%	10.2	95.00/1.20
97	96	Bentley	96.00	-0.10	-0.2%	1000000	2.2%	10.2	96.00/1.20
98	97	Bentley	97.00	-0.10	-0.2%	1000000	2.2%	10.2	97.00/1.20
99	98	Bentley	98.00	-0.10	-0.2%	1000000	2.2%	10.2	98.00/1.20
100	99	Bentley	99.00	-0.10	-0.2%	1000000	2.2%	10.2	99.00/1.20
101	100	Bentley	100.00	-0.10	-0.2%	1000000	2.2%	10.2	100.00/1.20
102	101	Bentley	101.00	-0.10	-0.2%	1000000	2.2%	10.2	101.00/1.20
103	102	Bentley	102.00	-0.10	-0.2%	1000000	2.2%	10.2	102.00/1.20
104	103	Bentley	103.00	-0.10	-0.2%	1000000	2.2%	10.2	103.00/1.20
105	104	Bentley	104.00	-0.10	-0.2%	1000000	2.2%	10.2	104.00/1.20
106	105	Bentley	105.00	-0.10	-0.2%	1000000	2.2%	10.2	105.00/1.20
107	106	Bentley	106.00	-0.10	-0.2%	1000000	2.2%	10.2	106.00/1.20
108	107	Bentley	107.00	-0.10	-0.2%	1000000	2.2%	10.2	107.00/1.20
109	108	Bentley	108.00	-0.10	-0.2%	1000000	2.2%	10.2	108.00/1.20
110	109	Bentley	109.00	-0.10	-0.2%	1000000	2.2%	10.2	109.00/1.20
111	110	Bentley	110.00	-0.10	-0.2%	1000000	2.2%	10.2	110.00/1.20
112	111	Bentley	111.00	-0.10	-0.2%	1000000	2.2%	10.2	111.00/1.20
113	112	Bentley	112.00	-0.10	-0.2%	1000000	2.2%	10.2	112.00/1.20
114	113	Bentley	113.00	-0.10	-0.2%	1000000	2.2%	10.2	113.00/1.20
115	114	Bentley	114.00	-0.10	-0.2%	1000000	2.2%	10.2	114.00/1.20
116	115	Bentley	115.00	-0.10	-0.2%	1000000	2.2%	10.2	115.0

# An efficient, reliable Tube is not that far down the track

**Stephen Glaister and Tony Travers** of the LSE on the best ways to mind the funding gap

**L**ondon Underground is an awkward inheritance for the new Government rather like a nice, young family suddenly discovering that an elderly uncle with expensive tastes is moving in permanently. It will be central to the activities of an elected mayor and an elected London Assembly. Government spending plans show cuts in investment: money previously earmarked for the core Tube system is to be raided to pay for the over-run on the jubilee extension to Docklands. Yet, according to London Transport's figures, a relatively small amount of additional money over the next five years could transform the Tube into an efficient, reliable and, eventually, a self-financing enterprise.

If Mr Prescott's promises on the Underground of last week are to be realised a formula has to be found which accommodates the self-deliberations on increased public spending, which recognises the manifest failure of the Private Finance Initiative to solve LT's funding deficit, and which is consistent with the pledges to rectify a democratic deficit in London. Simply enabling London Underground to borrow will not be enough to solve the problem, though it would certainly help. Some new source of cash flow must be found to form a foundation for the necessary borrowing. Here are four suggestions, all of them placing some reliance on the local economy to contribute towards its transport infrastructure.

First, between 1984 and 1987, there was the LRT levy, a precept on the local taxes of London boroughs (lost with the introduction of the poll tax). A similar precept survives for the Metropolitan Police and the London Fire and Civil Defence Authority. It would be possible to introduce something similar.

Second, an alternative is to make a local add-on to the uniform business rate, similar in principle to the business improvement districts in many US cities, or the payroll charge on Paris enterprises. Because rateable values directly reflect land values the amount of this charge would be scaled to the size

of the benefit. To achieve the characteristics of "partnership" and "charge for a service" it would be essential to re-create a mechanism through which the businesses affected could vote for, or reject, proposals. This could be incorporated in any more general reform of the uniform business rate.

Third, charging private cars for their use of road space and for the pollution damage they cause would help with several of the Government's urban policy objectives. Fourth, a charge for off-street parking spaces could be levied.

These measures would service

enough borrowing to renew and expand London's transport and other infrastructure. They would require a concession to allow hypothecation (ring fencing) of the revenues to the specific purposes. They would also require the creation of a body or bodies to determine and administer income, expenditures and to undertake the borrowing and lending; all in a way that could be tolerated under Treasury rules.

A trust or public-interest company given explicit public service objectives could create a new status

for LT which would leave it with its

public sector objectives and ethos but which would put it in the private or semi-private sector for public spending and borrowing control purposes, without resorting to the words of the Labour Manifesto, to "wholesale" privatisation.

An alternative would be a new company with specific objectives and where the government would have a "golden share". The board members could then be independent of government and might even, in part at least, be nominated by the London-wide assembly, or the London boroughs or the government itself.

A trust or public-interest company would issue capital bonds, funded by a share of operating profits, locally raised finance. The government would undertake to provide either a stable base level of funding or matching funds. There would be a genuine transfer of risk. Such an institution would be significantly less dependent on public-sector funding than, for example, many housing associations or grant-maintained schools.

These arrangements would take

time to set up, but their firm

prospect would make it more palatable for the Treasury to agree to the short-term "fix" which is the only possibility over the next year or so.

The LT board membership could be appointed by a new elected mayor, subject to the approval of a Greater London Assembly (GLA). Or the mayor/GLA could become accountable for the London transport trust or public-interest company with objects drawn up to match the general objectives of the mayor/GLA. Membership of the trust or board would be appointed by the mayor and possibly by other interests such as central government, London boroughs, operators and employees. The transport trust would make policy and be responsible for raising, managing and disbursing funds.

The transport trust would procure bus services, just as LT does now. In order to promote efficiency and create "yardstick" competition it could procure Underground services from 10 separate, integrated, line-based businesses, under franchise contracts lasting, say, 15 years. The transport trust would continue to own the freeholds but use of the infrastructure would be leased as part of the integrated train operating contracts. There would be no wholesale privatisation.

The trust could take over the rail franchising director's functions for London commuter services. If necessary there could be an independent transport regulator. This might be a part of the Rail Regulator's office or a part of the transport authority.

These reforms would give real effect to the ideals of partnership, stakeholding and democratic accountability, whilst offering the prospect of turning the Underground into a genuinely self-financing public utility with efficient and independent management. Within a few years it could once again be the world's best metropolitan railway.

Conspiracy theorists will note that the tournament is sponsored by Whitbread, just about the only major brewer not involved in either issue.

Spare a thought this weekend for the 20 teams of hill-walkers taking part in the 24 Peaks Challenge sponsored by Scottish &



Great expectations: London's Tube could become self-financing

Stephen Glaister is Cassel Reader and Tony Travers is Director of the Greater London Group, London School of Economics

## Foreign Exchange Rates

Country	Sterling	Dollar	D-Mark
Spot	1 month	3 months	Spot
US	1.0349	1.51 - 1.53	1.0000
Canada	1.0255	1.49 - 1.50	1.2400
Germany	2.8984	7.73 - 7.74	24.21
France	9.5126	7.20 - 7.23	73.078
Italy	27.0713	20.41 - 20.45	29.645
Spain	1.0025	1.38 - 1.39	1.0000
ECU	14.6426	25.25 - 25.26	13.033
Belgium	5.8136	15.15 - 15.16	5.502
Denmark	11.7293	20.20 - 20.23	5.6929
Ireland	1.0765	2.25 - 2.26	1.2700
Norway	1.7769	3.00 - 3.02	7.9897
Spain	2.8282	21.71 - 21.72	1.4571
Portugal	1.7785	20.30 - 20.31	7.6911
Switzerland	2.5586	9.70 - 9.71	1.4233
Australia*	2.1776	19.41 - 19.42	1.3282
Hong Kong	1.2243	8.12 - 8.13	4.7706
New Zealand*	2.3651	2.14 - 2.15	1.4467
Singapore	6.6316	0.40 - 0.41	3.7507
Saudi Arabia	2.3274	0.40 - 0.41	1.4237
Singapore	1.0000	16.15 - 16.16	6.0555

## Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	1.0531	0.9999	Nigeria	13.9196	84.8500
Bolivia	1.0252	1.0252	Uruguay	0.9252	1.0000
Brazil	1.7564	6.9583	Philippines	4.3654	26.3360
China	13.9264	8.2555	Portugal	265.142	74.745
Egypt	5.5584	3.4009	Russia	94.750	576.000
Greece	6.1707	2.0000	Russia	94.750	576.000
Greece	3.4343	2.0000	Taiwan	7.5872	4.4950
India	4.4763	2.7150	Taiwan	45.8248	27.9000
Kuwait	5.6565	3.8520	UAE	0.6065	3.7030

Forward rates quoted high to low are at a discount.

Rate quoted low to high are at a premium.

\*Dollar rates quoted as reciprocal.

For the latest foreign exchange rates call 0800 128 3033.

Calls cost 50p per minute.

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	1.0531	0.9999	Nigeria	13.9196	84.8500
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Brazil	1.7564	6.9583	Philippines	4.3654	26.3360
China	13.9264	8.2555	Portugal	265.142	74.745
Egypt	5.5584	3.4009	Russia	94.750	576.000
Greece	6.1707	2.0000	Russia	94.750	576.000
Greece	3.4343	2.0000	Taiwan	7.5872	4.4950
India	4.4763	2.7150	Taiwan	45.8248	27.9000
Kuwait	5.6565	3.8520	UAE	0.6065	3.7030

Subtract from spot rate

add to spot rate

Forwards quoted high to low are at a discount.

Rate quoted low to high are at a premium.

\*Dollar rates quoted as reciprocal.

For the latest foreign exchange rates call 0800 128 3033.

Calls cost 50p per minute.

## Bond Yields

Yields calculated on local basis.

Yield benchmark

Yields calculated on local basis.

# Visitors get preference over Poteen

## Racing

JOHN COBB

Diminished respect for Entrepreneur after his Derby failure is reflected in the betting for the St James's Palace Stakes, the highlight of Royal Ascot's opening day on Tuesday. Poteen and Starborough, who were only a couple of lengths behind Entrepreneur when third and fourth in the 2,000 Guineas, trail the winners of the French and Irish Guineas, Daylami and Desert King, in the betting for the Group One race.

It is fear of the visitors, too, that has caused Ian Balding to switch Saturday's Epsom winner Hidden Meadow from the St James's Palace to the Queen Anne Stakes. "Hidden Meadow is 99% certain to run in the Queen Anne. I've left him in the other race just in case the French sink," Balding said. "Daylami and Desert King are very good and I think we'll be better off taking on older horses."

One French challenge already sunk is that of Zamindar. The fast-finishing 2,000 Guineas fifth has a skin infection and must miss the meeting. His defection means that his compatriot Daylami is now as short as 7/4, with Ladbrokes for the race.

The odds are shortening, too, as Ed Dunlop will be in the Ascot winner's enclosure after recording his first treble yesterday. Mazzoon, his first ever first-time-out juvenile winner, and Hajar won at Newbury, while Khaufi was at Goodwood.

Dunlop's Ascot runners, most of which are owned by Maktoum

Al Maktoum, may include Jiyush in the Gold Cup, Musical Dancer in the King Edward VII Stakes and Monzaibis. Possibles for the handicaps are Bold Words, Cadeaux Trips and Winter Romance (Hunt Cup), Over To You and Tayser (Britannia), Broad River (Wokingham) and Generous Gift (King George V). It's a nice team, Sheikh Maktoum loves to have runners at Royal

**RICHARD EDMONDSON**  
NAP: Lamorna  
(Goodwood 9.00)  
NB: Gone Savage  
(Sandown 5.00)

Asco so they've been primed for the meeting," Dunlop said.

Away from the track next week a decision will be made about Benny The Dip's participation in a rematch with the Derby runner-up, Silver Patriarch, in the Irish Derby. Transatlantic talk will take place between his trainer, John Gosden, and owner, Landon Knight.

"Mr Knight has now seen the recording of the Derby," Gosden said yesterday. "He has strong views about pedigree and does not think Benny The Dip is an out-and-out stayer. But he also thought Benny was going to be a miler and it was only after he won the Dante that I persuaded him to go for the Derby."

St James's Palace Stakes (Ascot, Tuesday, William Hill 2-1, Daybreak, 4-5 Desert King, 3-1 Poteen, 7-1 Starborough, 1-1 Mazzoon, 1-1 others); Ladies' Handicap (Ascot, 2-1, Daybreak, 4-5 Desert King, 2-1, 6-1 Scorpion, 8-2 Fadden Meadow, 1-2 Mazzoon, 20-1 others; Totem, 2-1 Daylami, 9-2 Desert King, 2-1 Poteen, 7-1 Starborough, 1-1 others); Queen Anne (Ascot, 2-1, Daylami, 5-1 Desert King, 2-1, 6-1 Express, 25-1 in Command, 6-1 Running Star).

**MARKET RASEN**

**HYPERON**  
6.50 Bay Fair 7.28 Supposin  
7.50 Teesay's Hatch 8.20 Woodstock Wandering 5.80 UK Hygiene 9.20 Landlord

GODING: Good to firm in places  
Right-hand, sharp, trending back.  
DRAW ADVANTAGE: Late for 7, 7-1, 1st.  
RACE: Course is E of town on A551. ADMISSION: Club 8-10. Owners 5.00. STUDENTS 5.00. OTHERS 4-5. Dogs 2.00. LONG DISTANCE RUNNERS: Tuesday's Hatch 7.50 sent 278 miles by J Guide from Plymouth, Strathclyde.

**6.50 SELLING HURDLE (G)**  
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## sport

# Stewart avalanche buries Yorkshire

### Cricket

DAVID LLEWELLYN  
reports from The Oval  
Surrey 426-6 v Yorkshire

It is two years since Alec Stewart last hit a century for Surrey. In between, there have been half a dozen for England. But, for Surrey supporters, the long wait was worth it. The pitch did offer a little encouragement.

## Mayhem at May's Bounty

### ADAM SZRETER

reports from Basingstoke  
Hampshire 204; Somerset 79-6

The name of May's Bounty could conceivably be added to the list of miscreant pitches reported to Lord's, after 16 wickets fell on the first day of Hampshire's annual visit to the north of their county. It would not be surprising, however, to find only Somerset batsmen placed on report after this débâcle.

There seemed little evidence of delinquent behaviour on the part of a pitch described by England's Andy Caddick as slow. There was rather more evidence of some highly disciplined and aggressive seam bowling from Somerset, led by Caddick himself, and some pretty indifferent batting, also by Somerset, who threw away their hard-won initiative in the evening session.

It was one batting point sort of day and that, eventually, is what Hampshire achieved. One look at the dark, dreary clouds was probably enough to persuade Peter Bowler to put Hampshire in, and they made the most inauspicious start imaginable.

The Australian Matthew Hayden, the leading batsman in the Championship with three centuries in his last four innings, was out first ball, lbw to the raw pace of Andre van Troost at the beginning of the day's second over.

from time to time, but was generally amiable. The England batsman certainly was not, reaching an unbeaten 200 – for the second time in his career.

He, like a number of Surrey's other big names, has been out of touch this summer, and Test player or not, there are youngsters knocking on a few doors this season. With just 29 Championship runs to his name prior to yesterday's run-fest, Stewart knew he needed to

produce something substantial. So did Surrey.

They had not reached 300 in any innings to date this season.

Until yesterday, Surrey bats, Stewart's in particular, were overflowing by the end of what was a long hard day for Yorkshire's toilers. Mark Butcher and Jason Ratcliffe missed out after a cautious start – both fell in the forties. Poor Alastair Brown did not even manage that. He is still nursing a broken hand and four balls into what should have been something big he fell leg before to young Alex Morris. However, Ben Hollioake, his elder brother Adam, and, of course, Stewart made up for those relative failures and slammed the metaphorical door in the faces of any and all Second XI hopefuls.

Some of Stewart's shots were at worst, impudent, at best glorious. His timing was its usual immaculate self. His placement bordered on perfection.

His pulling and driving was exquisite. He sailed past three figures for the 40th time in his career off 174 balls – it was his 24th hundred for Surrey. In all he has hit one six and 30 fours in four and three-quarter hours.

The only scare came when he almost played on, having made just 20. How Chris Silverwood and Yorkshire would have welcomed that wicket.

Caddick picked up two wickets and caused Robin Smith such uncertainty that the erstwhile England batsman was too happy to escape to the other end. But he found no respite there and was bowled, off his arm, by Graham Ross for 17. On this ground last year, Stewart had made 179.

All the Somerset bowlers chipped in, reducing Hampshire to 121 for 7 and only two late stands, each worth 41, gave the Hampshire bowlers some encouragement for their task after tea.

They did not have to wait long for their first wicket, though. Bowler getting his legs in a tangle as Simon Renshaw steamed in. Then Kevan James dismissed Mark Lathwell with his very first ball.

Richard Harden did not last long, also bow to Renshaw, but the real sting was left to James, who dismissed Keith Parsons and Rob Turner in successive deliveries the latter courtesy of a nifty stumping by Adrian Aymes.

There was just time for Hampshire's captain, John Stepmenson, to dismiss Rose, while all the time Piran Holloway looked on from the other end. He remained unbeaten on 43, and Somerset will be hoping for big things from him today.

On the way Stewart towed the younger Hollioake along in his classy wake and when Ben fell – having helped himself to his second successive Championship 50 in fairly trouble-free manner – the flow of runs did not abate. Brown's premature departure saw Adam Hollioake arrive on the scene. He powered his way to a 60-ball half-century – his highest in the Championship this summer. Unfortunately his solitary six, hit out of the ground off Morris, presaged his downfall. The lost ball entailed a change of missile and Hollioake's Sun's attempt to work the next delivery through the on-side saw him fall leg before.

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On a day when rain always seemed imminent but arrived to wash out only five overs, Australia dismissed Nottinghamshire for 239 and then progressed to 51 for 1 at the close. More importantly their attack, which had been toothless in the first Test looked to be having a sharper edge.

Glen McGrath, their shock bowler who misfired on the wrong length at Edgbaston,



Australia's Paul Reiffel sends down the delivery that brought the dismissal of Nottinghamshire's Matthew Dowman yesterday. Photograph: Peter Jay

## Reiffel brings relief

### GUY HODGSON

reports from Trent Bridge  
Nottinghamshire 239  
Australia 51-1

The Australians have been under so many metaphorical black clouds in England it seemed appropriate the meteorological type should glower at them here yesterday. But he finished with 3 for 15, despite arriving in this country only on Monday.

Yet, if the Australian selectors went to bed happier last night it probably owed something to Paul Reiffel's form. The Victorian fast-medium had not bowled in a first-class match since February, but he finished with 3 for 15, despite arriving in this country only on Monday.

With Andrew Bichel returning home with a back injury and Jason Gillespie out of next week's second meeting with England, it seemed appropriate to replace his injured compatriot Chris Cairns. The move has cost Nottinghamshire compensation to Accrington who had contracted Astle to play in the Lancashire League but on this country the money's well spent.

He makes the ball go both ways," Nathan Astle, who was Nottinghamshire's top scorer with 99, said. "He's going to be an important bowler for the Australians. I got the feeling their attack is going together."

Astle, a New Zealander with three centuries in 10 Tests, arrived at Trent Bridge last week to replace his injured compatriot Chris Cairns. The move has cost Nottinghamshire compensation to Accrington who had contracted Astle to play in the Lancashire League but on this country the money's well spent.

He was circumspect until he reached 60 and then rode his luck until he chose the wrong length ball to drive from McGrath and slashed the ball to Matthew Elliott at second slip.

Two of Reiffel's wickets were trademark seamers which found edges off Matthew Dowman and Paul Johnson, but he also found a tight line that was beyond his rival.

pitched it up a fraction further yesterday and was rewarded with 4 for 63, three caught behind, while Michael Kasprowicz had a malevolence about him that deserved better than his 15.

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## Rhodes leads way for Worcestershire

### Round-up

Steve Rhodes, Worcestershire's stand-in captain, led a fightback against the championship leaders, Gloucestershire, at Bristol yesterday but had to withdraw from the match with lower back problems.

Kent may yet miss Headley's batting qualities, after losing half their team by the close of a shortened day. Foot-and-a-quarter hours were lost, before Kent lost the toss and were reduced to 92 for 4 on a green wicket.

Vince Clarke unluckily missed out on a maiden century after leading Derbyshire to a fragile total of 200. The 25-year-old Anglo-Australian went in to bat at 16 for 4 and was last out for 99 when he was caught attempting to cut the slow left-armcher Ashley Giles. Warwickshire reached four without loss in four overs before the close.

Rhodes, deputising for the ill Tom Moody, opted for first use of the pitch on a cloudy day in murky light. The ball also swung and Gloucestershire, with the help of a couple of reckless shots, took full advantage to reduce Worcestershire to 65 for 6 by the first over after lunch.

Rhodes then entered the fray, going on to make 78 before being bowled off the final ball of the day from Gloucestershire captain Mark Alleyne, with Worcester on 243 for 8.

Dean Headley's hopes of a Test call were ruined by injury on a rainy day at Old Trafford

on the tail of a 10-day stay at Old Trafford.

Warwickshire - First Innings

Bowling (to date): Drakes 13-5-47-1; Kirby 15-8-34-2; Robinson 15-1-51-1; Kline 10-3-35-0; Keen 5-12-0; Umphress 6-11-0; Bird and G Burgess.

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Bowling (to date): Drakes 13-5-47-1; Kirby 15-8-34-2; Robinson 15-1-51-1; Kline 10-3-35-0; Keen 5-12-0; Umphress 6-11-0; Bird and G Burgess.

Derbyshire - First Innings

KJ Barnett c Knight b Brown 3; C Adams c Smith b Brown 0; D Clarke c Parker b Giles 2; V Pather c Parker b Giles 0; M Vukovic c Parker b Smith 5; T R Ward c Haynes b Shadforth 16; M J Phillips not out 31; M V Fleming c Haynes b Austin 0; D S Groom c Parker b Giles 13; B P Phillips not out 22; Extras (lbw) 6-10 10-11 11-12 12-13 13-14 14-15 15-16 16-17 17-18 18-19 19-20 20-21 21-22 22-23 23-24 24-25 25-26 26-27 27-28 28-29 29-30 30-31 31-32 32-33 33-34 34-35 35-36 36-37 37-38 38-39 39-40 40-41 41-42 42-43 43-44 44-45 45-46 46-47 47-48 48-49 49-50 50-51 51-52 52-53 53-54 54-55 55-56 56-57 57-58 58-59 59-60 60-61 61-62 62-63 63-64 64-65 65-66 66-67 67-68 68-69 69-70 70-71 71-72 72-73 73-74 74-75 75-76 76-77 77-78 78-79 79-80 80-81 81-82 82-83 83-84 84-85 85-86 86-87 87-88 88-89 89-90 90-91 91-92 92-93 93-94 94-95 95-96 96-97 97-98 98-99 99-100 100-101 101-102 102-103 103-104 104-105 105-106 106-107 107-108 108-109 109-110 110-111 111-112 112-113 113-114 114-115 115-116 116-117 117-118 118-119 119-120 120-121 121-122 122-123 123-124 124-125 125-126 126-127 127-128 128-129 129-130 130-131 131-132 132-133 133-134 134-135 135-136 136-137 137-138 138-139 139-140 140-141 141-142 142-143 143-144 144-145 145-146 146-147 147-148 148-149 149-150 150-151 151-152 152-153 153-154 154-155 155-156 156-157 157-158 158-159 159-160 160-161 161-162 162-163 163-164 164-165 165-166 166-167 167-168 168-169 169-170 170-171 171-172 172-173 173-174 174-175 175-176 176-177 177-178 178-179 179-180 180-181 181-182 182-183 183-184 184-185 185-186 186-187 187-188 188-189 189-190 190-191 191-192 192-193 193-194 194-195 195-196 196-197 197-198 198-199 199-200 200-201 201-202 202-203 203-204 204-205 205-206 206-207 207-208 208-209 209-210 210-211 211-212 212-213 213-214 214-215 215-216 216-217 217-218 218-219 219-220 220-221 221-222 222-223 223-224 224-225 225-226 226-227 227-228 228-229 229-230 230-231 231-232 232-233 233-234 234-235 235-236 236-237 237-238 238-239 239-240 240-241 241-242 242-243 243-244 244-245 245-246 246-247 247-248 248-249 249-250 250-251 251-252 252-253 253-254 254-255 255-256 256-257 257-258 258-259 259-260 260-261 261-262 262-263 263-264 264-265 265-266 266-267 267-268 268-269 269-270 270-271 271-272 272-273 273-274 274-275 275-276 276-277 277-278 278-279 279-280 280-281 281-282 282-283 283-284 284-285 285-





## Endurance test

Glenn Moore looks at the travel problems for next year's World Cup in France, page 31

# sport

## Down and out

Tim Henman's warm-up for Wimbledon ends in surprise defeat, page 31

**US OPEN:** Scotsman masters course to set an imposing lead to set Woods a tough target at Congressional

# Montgomerie is right at home

ANDY FARRELL

reports from Bethesda, Maryland

Congressional may play host to presidential, senatorial and judicial golfers, but no one could feel more at home here than Colin Montgomerie. The course is located in Montgomery County and is set up in traditional style for the US Open. That means conditions as favourable to the Scotsman as Augusta was to Tiger Woods.

In the Masters, Montgomerie was severely burned when Woods beat him by nine shots when they played together in the third round. The following day, Montgomerie crashed to a humiliating 81 while the Mozart of the greens slipped into a new jacket. Those scars were healed yesterday as Montgomerie shot a course record 65, one ahead of Hal Sutton, but an intimidating clubhouse mark for all those who followed later. That included Woods. Forced to play a different tune from his Masters performance, he was one under after nine holes.

According to the US Golf Association's executive director, David Fay: "Washington is a tough area to grow grass." Paul Lashaw, formerly with Oakmont and Augusta National, knows a thing or two about fertiliser, however, and in producing rough deep enough that Ian Woosnam is in danger of being lost in it, the greenskeeper received the tribute of the week: "He really knows how to grow grass," a USGA boffin said.

Miss a fairway and it means a back out with a sand wedge. Miss a green and there is also only one shot to play, a flop shot as perfected by Phil Mickelson. Ask Montgomerie whether he does not think this takes away other skills of recovery and the answer is immediate: "The skill involved is in hitting the fairway and then hitting the green."

It is what Montgomerie calls "complete golf" and he produced a greater exhibition of it than he ever has before. On the longest ever US Open course, he missed one fairway and only one green from the fairway. That was at the 17th, when his approach found a bunker causing his only dropped shot of the round. "If I could take back one



Iron will: Colin Montgomerie hits from the first fairway and on to a commanding lead in the first round of the US Open yesterday

Photograph: Susan Walsh/AP

shot it would be the seven-iron at the 17th," Montgomerie said. "but there are lots of others that I would like to keep."

"It is only seven miles into a 23-mile marathon, but I feel confident about it," added Montgomerie, who has been third and second in this event in the past. "I came here confident, and nothing has changed. I like it when hitting the fairway means something, and even if I never win the US Open, I'll always be a fan of this style of golf."

As soon as he had won his

first tournament of the year at the European Grand Prix last Sunday, Montgomerie could not wait for yesterday morning to arrive. It did so slightly overcast but promising a hot and humid day to come. In teeing off at 8am, Montgomerie was given a four-hour start on Woods and he used it to his advantage.

His grouping also included Davis Love, fourth and second in the last two US Opens, and Mickelson. Apart from being a threesome of the best players in the world not to have a major

to their name, they were the straight, the long and the ugly. Love can get up into the Woods league when he unleashes his driver, but Mickelson is simply too wild off the tee for this sort of course. Both returned 75s, 10 adrift of their playing partner.

At the first three holes, Mont-

gomerie was superb, a mid-iron to a foot and a half. At the next he thought his eight-footer would find the hole, but it did not. A wedge to four feet at the par-five ninth did bring another birdie, however. The back nine started just as well with a four-iron to 12

feet at the 10th, holed a 15-footer at the next, hit a seven-iron to three feet at the 13th and an eight-iron to six feet at the 16th.

Two other home players had

led briefly, Andrew Coltart, af-

better birdies at the first two holes,

and Paul McGinley, who birdied

three of the first five. But both

quickly fell away, while Woos-

nam shot a 76, which could have been worse but for three birdies in a row on the front nine, and Greg Norman a 75. The Aus-

tralian was unable to break out just as well with a four-iron to 12

bogey golf until after the tenth.

Said Woosnam: "The course is

fair, but it is just too tough for me. The rough is too long and

I was in it too often."

Woods hit his approach at the

first to five feet but saw the putt

lip out. His tee shot at the sec-

ond was two better, running up

to three feet from the pin at the

235-yard hole, although until he

got inside that on the other par-

three on the front nine, he ex-

perienced some of the problems

that everyone but Montgomerie

had suffered.

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sanne for around £25,000.

Doubts over the future of Kinnear

## Football

ALAN NIXON

Wimbledon's new Norwegian owners are planning to appoint one of their country's leading coaches to a position at the Premiership club - a move that is certain to cast doubt over the long-term future of the Dons' manager, Joe Kinnear.

Age Hareide is in charge of Molde, the Norwegian club owned by the millionaires Kjell Inge Røkke and Bjørn Rune Gjelsten. The partners this week paid around £30m for a controlling interest in Wimbledon, and are expected to appoint Hareide, a former Manchester City and Norwich midfielder, to a coaching position with the south London side.

The Norwegian, who have previously attempted to buy into Leeds and Manchester City, and on each occasion they planned to install Hareide, a close friend of Røkke's, as the manager. Hareide has already told contacts in Norway that he will be joining Wimbledon.

Tommy Burns, the former Celtic manager, yesterday confirmed he had turned down the Reading manager's job in favour of joining the coaching staff at Newcastle United. Burns played with Kenny Dalglish, the Magpies' manager, at Celtic in the 1970s.

Sunderland completed the £25,000 signing of the Dutch goalkeeper Edwin Zoetebier from Volendam yesterday, but have been ordered by Fifa, world football's governing body, to resolve the dispute over the collapse of a proposed deal for the Belgian international striker, Ronen Harari.

The Weariders pulled out of a four-year deal last December when a medical report revealed he was suffering from a stress fracture to a foot. Fifa does not recognise the English system of transfers subject to a medical and have backed Harari's claim for compensation.

Crystal Palace are signing the Watford goalkeeper, Keith Miller, for £1.5m. The Eagles' swoop is a blow to Nottingham Forest, who had thought they were signing the Devon-born player. However, their failure to agree a price with Watford allowed Palace to step in.

Aberdeen have signed the Scotland goalkeeper, Jim Leighton, on a free transfer from Hibernian.

The 35-year-old, who began his senior career with the Dons before moving to Manchester United, returns on a three-year deal.

Everton's Swiss full-back, Marc Hotiger, is going home to join Luton for around £25,000.

## A major plan executed to a tee

Colin Montgomerie's superb start to the US Open yesterday may have taken one or two of his fellow competitors by surprise, but for his coach it was simply the game plan executed to perfection, writes Andy Farrell.

After Tiger Woods' epoch-making victory in the Masters in April, Montgomerie and Denis Pugh sat down and decided that they had to change their approach to major championships. It was time to hit the first tee running.

The traditional method, as advocated by Jack Nicklaus (the most frequent major winner of them all) was to hang around for 63 holes and then move forward by virtue of everyone else going backwards. In majors, when the test is at its severest, it was just a question of letting others make the mistakes.

"The truth is that most players give away tournaments, particularly majors," Nicklaus said. "In at least a third of my major wins, I was simply there to accept the gift if I could finish the tournament without making any dumb mistakes."

In normal circumstances this

would be especially true of the US Open, with its narrow fairways and fertilised five-inch rough. But the message from Woods' victory at Augusta is no oooe can afford to just hang around until the last nine holes; the Masters champion will be over the horizon by then.

"We talked about this after the Masters," said Pugh, "and in typical Monty fashion he just said that he had to show a lower score than Tiger. Like most things with Colin, it's not a complex theory, just straightforward thinking."

"Our events are all about low scoring, birdies and eagles, but Tiger has brought that mentality to majors. The game plan now has to be more aggressive. Players have to start talking on the golf course, rather than waiting for others to make mistakes."

Pugh thinks that those humiliations by Woods at Augusta, will respond by raising their games. "It is rather like Roger Bannister breaking the four-minute mile. People will realise that they can raise their potential."

"If you pick the top six or sev-

en guys that should be contending and say you can all have your 'A' game this week, there is no doubt about it, Tiger will win. At the moment, Tiger's 'A' game is the one and I think everyone would admit that. But if you take it over 20 weeks, then someone else might produce their 'A' game more often."

"Someone like Colin knows that he has got to peak this week, which he has not done before. He has been close, he's lost in play-offs, but he has not brought his 'A' game to a major. If he can do that, or someone else can do that, we will really find out how good Woods is."

Assessing the way Woods could be matched before the tournament, Pugh said: "The world-class players have to be looking to hit two of the par-fives in two, they have to hit a couple of wedge shots close and maybe the odd long iron or mid iron close and you have a 66, without really holing any long putts."

"If they get a hot putting round going, they could be look-

ing at the 63s or 64s, but they are

not just doing it with the putter. They are doing it with their straight driving, their mid-iron play and their aggressiveness in taking on flags, which Nicklaus shied away from because he had no need to do it."

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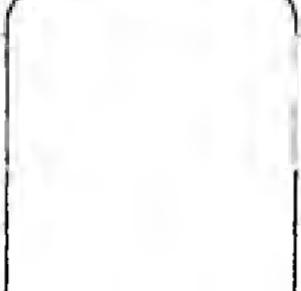
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## THE INDEPENDENT CROSSWORD

No. 3334. Friday 13 June

By Sparus

Thursday's solution



ACROSS

- 1 Embassy staff moving to Ealing (8)
- 5 Mad Hatter's a menace (6)
- 9 Striking doctor with violin case initially (8)
- 10 Sum contained in worker's money order going to union leader (6)
- 11 Not standing for mendaciousness? (5)
- 12 Being without life's little luxuries? (9)
- 14 Collection up 7% in some instances? (5, 5)
- 17 Hallucinogen giving soldier in mind control to indulge in sentimentality? (5, 8)
- 20 New component available from agent in Greek city, mostly (4, 4)
- 21 Attorney in Cyprus is spiteful (5)
- 22 Mother's having a bet on south-east Asians (6)
- 23 Breaching a redoubt is quite hard (8)
- 24 Live cultures, ideally not all used (6)
- 25 Stamps relations collected to get for coat (3)
- 26 DOWN
- 1 Sweetheart catching duke with a volley that's misdirected (4-4)
- 2 Very cold parts of Gallia Caesar initially entered (7)
- 3 Certain flavour about Welsh accent? (5)
- 4 Cat to hirde, sinistly passing comments? (6, 5)
- 5 Slight cough leading to sharp pain? Bit of embroidery there! (3-6)
- 7 When to expect an average sort of day? (7)

Ready for church? Ages ago (6)

13 Uncle, albeit gaga, is impossible to avoid (11)

15 Observed to start with good golfing performance, missing nothing (5-4)

16 Heavenly oriental chap seen around bonfire (3)

17 Complaint erupting in a number of spots (7)

18 What king will do to queen, appearing in the same suit? (7)

19 Chemical substance not all Irish will accept (6)

21 Very bad French vintage relies on support from the Spanish (5)

As someone who has always put winning and enjoyment as the paramount reason for playing cricket I can no longer accept the current situation."

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